

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Craxi sees merits
of foreign
diplomacy, Page 2

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NEWS SUMMARY

GENERAL

Giscard protests at Elf oil row

Former French President Valéry Giscard d'Estaing said he was "scandalised" at the Socialist Government's "political exploitation" of an affair involving transferring state funds to finance an oil exploration venture.

In a televised statement, M. Giscard d'Estaing threatened to take legal measures if "attacks on his honour" persisted.

Page 2

Inquiry into crashes

Spain's Congress set up a commission to investigate two air crashes that killed 274 people in Madrid in the last month.

Officers set free

Zimbabwe freed three white air force officers who had been detained again after a court cleared them of sabotage charges. A tribunal reviewed their cases two weeks ago.

Iraq sinks ships

Iraq said its aircraft sank three "enemy" ships that were part of a convoy trying to approach the Iranian port of Bandar Khomeini. The other ships fled.

Dissident jailed

Czech dissident Jiri Volf, a member of the Charter 77 human rights movement, was jailed for six years for subversion, émigrés said.

U.S. phone bills up

U.S. households will pay an average \$6.80 a month more - a 41 per cent rise - for a local telephone line over the next five years, as a result of the AT&T breakup and other pricing changes, a Federal Communications Commission study said.

Hitachi men fined

Two Hitachi executives were fined \$10,000 each in San Francisco, after admitting conspiring to steal computer secrets from IBM.

Polish prices held

Polish authorities decided to postpone raw material and service price rises planned for January 1, in a bid to slow consumer price inflation.

Mao, Liu to share

A display honouring Chinese leader Liu Shaoqi - deposed as a traitor by Mao Tse-tung - is to be opened in Mao's Peking mausoleum during the 90th anniversary of Mao's birth.

68 die in storms

Ice storms which have hit the U.S. as far south as Texas have taken 68 lives in the last week. A record low December temperature of -36C (-37F) was set in Casper, Wyoming.

Fake \$10m seized

Brussels police seized \$10m in counterfeit \$50 notes and detained six suspects, after a two-month operation.

Film honoured

New York film critics named Terms of Endearment the best film of 1983 and its stars, Shirley MacLaine and Jack Nicholson, best actress and actor.

Briefly...

Azerbaijani couple celebrated their 90th wedding anniversary, Pravda said. Both are 110.

Turkey said it would not allow U.S. cruise missiles on its territory.

British Government changed its mind on abolishing the £1 note: it will remain in circulation.

BUSINESS

Toyota deal with GM wins support

U.S. Federal Trade Commission tentatively approved a joint venture between General Motors and Toyota which would produce 200,000 cars annually for 12 years. The companies signed a consent order limiting scope and duration of the venture and exchange of commercially sensitive information.

STOCK MARKETS broke records in Europe yesterday, boosted by a late pre-Christmas shopping spree.

LONDON: FT Industrial Ordinary index extended its advance for a seventh session, rising 4.2 to a record 776.2. Report, Page 19; FT share information service, Pages 20-21.

FRANKFURT: Commerzbank index was 9.1 higher at 1,034.0, passing the previous high set in 1980. Report, Page 15; Leading prices, other exchanges, Page 18.

AMSTERDAM: ANP-CBS index was 1.4 ahead at an all-time high of 149.3, and the industrial index also rose 1.4 to a record 124.2. Page 15.

PARIS, BRUSSELS, ZURICH and OSLO markets reached their highest for the year. Page 15.

AUSTRALIA: All-ordinaries index moved up 3.3 to 761.4, also an all-time high. Page 15.

WALL STREET: Dow Jones industrial average closed 1.32 down at 1,253.66. Report, Page 15; Full share listings, Pages 16-18.

TOKYO: Nikkei Dow index eased slightly from Wednesday's record, slipping 8.23 to 9,709.42. The Stock Exchange index rose 0.52 to 712.78. Report, Page 15.

DOLLAR lost ground in thin London trading to DM 2.7675 (DM 2.7715). SwFr 2.21 (SwFr 2.214). Y234.3 (Y234.9) and FFf 8.455 (FFf 8.46). Its trade-weighted index fell to 136.5 from 136.9. In New York it closed at DM 2.7687, SwFr 2.197, Y 233.5 and FFf 8.4375. Page 25.

STERLING rose 50 points in London to \$142.75. It improved to DM 3.9525 (DM 3.945). SwFr 3.1575 (SwFr 3.15) and FFf 12.065 (FFf 12.03) but eased to Y234.9 (Y234.25). Its trade weighting was unchanged at 82.3. In New York it closed at \$143.15. Page 25.

GOLD fell 50 cents in London to \$377.475. It gained 25 cents to \$379 in Frankfurt and was unchanged in Zurich at \$378.75. In New York, the Comex December settlement was \$382 (\$377.5). Page 24.

CAR SALES in Western Europe reached 10.4m in 1983, the highest since 1979. Ford of Europe said. Ford claims record volume and market share for the year.

GRAND METROPOLITAN, UK foods and services group, lifted pre-tax profit for the year to £295.2m (\$421.4m) from £220.2m. Page 12; Lex, Page 8.

JAPAN gave official approval to investment in Britain. A Japanese External Trade Organisation guidebook on UK investment is being given free to businessmen. Page 4.

BRITISH AEROSPACE said it would pull out of the European A-320 150-seat airliner project if it did not get £437m (\$624m) government launching aid. Page 8.

SOVIET UNION awarded contracts worth about FM 1bn (\$170m) to a group of Finnish and West German companies for building a big new Baltic port. Page 4.

The Financial Times will not be published on Monday or Tuesday. Tomorrow's edition will be published as usual from London. The Financial Times extends to its readers best wishes for the holiday season.

EEC package to enforce minimum prices for steel

BY PAUL CHEESERIGHT IN BRUSSELS

Emergency measures to stabilise the EEC steel market will come into effect on January 1. Industry ministers of the Ten yesterday settled their differences on how to keep the steel trade between them to traditional levels and concluded a crisis package of three main elements.

The measures involve minimum price controls for key flat products, which account for about 40 per cent of EEC steel production; an order to the steel producers to deposit Ecu 15 (\$12.20) at a bank for every tonne of steel they ship - it is forfeited if the price controls are not observed; and a monitoring of trade flows in the EEC, allowed to planned restraints on imports, designed to keep steel movements at the levels prevailing in the second half of 1981 and the first half of 1982.

The minimum-price controls and the two measures to enforce them are designed to stop the sharp price discounting that has characterised the market during the second half of this year.

They supplement existing controls on the industry. These controls, which have been breached recently, involve production quotas set every quarter and price guidelines.

The controls are themselves part of a wider scheme to restructure the EEC steel industry and make it competitive and to free it of subsidies by the end of 1985. But so far

there is agreement in practice only to extend the controls to the end of next January.

After yesterday's agreement on new measures, Mr Norman Lamont, the UK Minister for Industry said: "We have made a good step forward in that it (the package) continues the regime of the past. Without it, it would have been very difficult for British Steel."

The key problem ministers had to resolve was the question of trade flows and the means of monitoring them.

West Germany, with France tucked in behind, had been pushing for stringent controls and penalties for suppliers selling more than pre-set quantity. It was opposed by the Benelux countries, the greater part of whose steel production is exported.

Both sides are now prepared to adopt a system of control based on the 1981-82 reference period, using an accompanying certificate for each steel shipment crossing a border as the instrument for monitoring the trade. The certificate will be checked at borders.

Countries concerned about an abnormal rise in imports can complain to the European Commission within 15 days of the publication of quarterly trade statistics. The Commission will investigate and after consultation with the countries involved will take what an official statement called "the necessary corrective measures."

On the assumption that major new shares in the market cannot be taken without price discounting or exceeding production quotas, the "corrective measures" would be either the loss of the deposit of a fine imposed on the producer.

Mr Lamont, after protracted discussion, won for the UK an exemption to the check on the accompanying certificate at both the exporting and the importing points. Because British exports leave with the minimum of documentation, checks will be made only at the point of importing.

Star of hope over Bethlehem; U.S. Steel considers restructuring plan, Page 8.

Brussels moves to delay food surplus payments

BY IVO DAWNAY AND JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday announced the first of a series of measures aimed at cutting the costs of the Common Agricultural Policy in 1984.

The new measures centre on delaying payments to producers of food surpluses. They are the first step taken by the Commission since the Heads of Government summit in Athens failed to make any progress on CAP reform, and will be seen as an early warning to member states.

Officials were at pains to repeat that unless agreement was reached by the end of March on its comprehensive reform proposals, first presented in July, CAP spending next year would exceed its Ecu 16.5bn (\$13.4bn) allocation perhaps by as much as Ecu 1.5bn.

Yesterday's cuts will be made by delaying payments to farmers for surplus produce purchased through national intervention boards. The boards buy in produce when market prices fall below EEC guaranteed levels.

Intervention agencies will now be allowed to stall for up to five months in the case of dairy products and four months for cereals, beef and veal and olive oil.

The Commission claims the saving this year will be Ecu 165m, but an important effect of the measures will be to postpone up to Ecu 1bn of spending until 1985.

Farmers' organisations complained last night that the move would worsen already uncertain markets and would subject the industry to a form of cash limits.

One observer estimated that the arrangements could cut farmers' incomes by 1.5 to 2 per cent in some cases.

Emergency financing package may still be necessary, however, to see the Community budget through 1985.

Allianz raises Eagle Star bid to match £934m from BAT

BY CHARLES BATCHELOR IN LONDON

ALLIANZ, the West German insurance group, yesterday increased its bid for Eagle Star Holdings, the UK insurer, by £14m to £934m (\$1.35bn) to match last week's bid from rival suitor BAT Industries, the London-based tobacco company.

The two bidders are now poised for the final round in the largest takeover battle in cash terms to take place in Britain. The City of London's Takeover Panel ruled on Wednesday that any higher bids must be announced by 5pm on December 30.

Allianz has preceded each of its later bids with calls to shareholders to await possible later offers. The panel said that instead of simply making bids, the West German group was telling shareholders to "hold on..." and left them in the air.

Yesterday's matching offer from Allianz was made at the insistence of the Takeover Panel, which has

been concerned at the German insurer's bid tactics, its merchant bank advisers Morgan Grenfell acknowledged.

"We were under certain pressure from the panel," the bank said. "They said you either make an increased bid or withdraw."

Mr Peter Frazer, a director of the panel, commented: "They had made a number of remarks last week which left the whole thing in the air. They have now made a firm increased offer, although I accept it is not terribly relevant in view of the deadline we have now set."

Morgan Grenfell said it would be in the interest of both bidders to avoid "a blind shoot-out" on the final day and suggested it was looking at ways to avoid that. It later stressed, however, that any approach would have to come from BAT.

Allianz is now offering 675p for each Eagle Star share. That is still below the British company's stock

market price despite a 15p fall to 715p yesterday. That valued the company at £985m. BAT said it was considering the effect of the higher Allianz offer and would make an announcement "in due course."

"Any approach from Allianz aimed at solving the deadlock would be considered on its merits," it added.

BAT, which has the advantage that its offer has been recommended by the Eagle Star board, said it felt under no pressure to move quickly.

Sir Dennis Mountain, Eagle Star chairman, said he still regarded the BAT bid as the better offer. "The board continues to believe strongly that BAT is a much more appropriate parent for the Eagle Star group than Allianz."

Eagle Star will, however, make no further recommendation to shareholders on any revised offer made by either suitor before the December 30 deadline.

Arafat visit ends six-year rift with Egypt

By Our Foreign Staff

EGYPT and the Palestine Liberation Organisation (PLO) headed by Mr Yasser Arafat ended their six-year rift yesterday to the "astonishment and regret" of the Israeli Government.

President Hosni Mubarak of Egypt warmly embraced Mr Arafat in Cairo before beginning two hours of talks. It was Mr Arafat's first visit to Egypt since 1977, when the late President Anwar Sadat announced his willingness to visit Israel.

Egypt has been boycotted by the majority of Arab nations for signing its 1979 separate peace treaty with Israel, and yesterday's meeting in Cairo could open the way for Egypt's reintegration into the Arab world.

Mr Yitzhak Shamir, Israel's Prime Minister, said he was astounded that the President of Egypt was prepared to meet the leader of the Palestinians who had "danced in the streets of Beirut" after the assassination of President Sadat.

The Israeli Foreign Ministry described the Cairo meeting as "a severe blow to the peace process." Mr Avi Pazner, the ministry spokesman, said that "the disappearance of the PLO from the international scene is a prerequisite for the achievement of peace and stability in the region."

Israeli officials decline to say how the Arafat-Mubarak meeting will affect the already cool relations with Egypt, but were clearly worried about the support Mr Mubarak was offering to Israel's arch-enemy.

This is viewed in Jerusalem as contrary to the spirit of the 1979 treaty, and Israel intends to make a formal protest to Egypt.

After the talks in Cairo, President Mubarak praised Mr Arafat as "a struggler and a moderate leader of the Palestinians who are struggling to regain the legitimate rights of the Palestinian people."

Mr Arafat in turn thanked Egypt as "the real supporter of the Palestinian people and the champion of the recovery of Palestine."

Mr Arafat's words were in direct contradiction to almost everything he and other prominent Palestinians have been saying about Egypt for the past six years.

A far greater continuity of PLO attitude came in the counter-blasts from Damascus. Leaders of Palestinian factions who participated in the siege of Tripoli, from where Mr Arafat was evacuated on Tuesday,

Continued on Page 8
Vindicating Mubarak's patience, Page 3

Export surge boosts British trade surplus

BY PHILIP STEPHENS AND MAX WILKINSON IN LONDON

BRITAIN's trade balance bounced back into the black last month, pushing up the current account surplus for the first 11 months of the year to £1.3bn (\$1.9bn), more than twice the level forecast by the Treasury for the whole year.

Higher exports and lower imports gave a current account surplus of £317m in November, a sharp reversal from the £219m deficit recorded in the previous month.

The figures raised government hopes yesterday that Britain's trading performance might be moving to a significantly better trend.

Non-oil exports have been improving steadily from the depressed level of the summer and were 4% per cent higher in volume terms in the three months to November than in the previous three month period.

In November Britain's total exports of goods surged to £5.5bn, the second highest level ever. This was taken as indicating that Britain's exporters are responding to a long-awaited revival of world trade.

Exports to North America rose 7 per cent in the latest three months compared with the period June to August indicating a recovery of U.S. demand and reflecting the high value of the dollar.

Perhaps more encouragingly, exports to European Community countries rose 11 per cent in the same period, in spite of still depressed levels of demand in Europe.

Lex, Page 8

Chase launches full bid for Dutch bank

BY DAVID LASCELLES IN LONDON

CHASE Manhattan Bank is to launch a \$43m bid for full control of Nederlandse Credietbank (NCB), the fifth largest Dutch bank, in which it has a 31.5 per cent stake.

The bid marks a further stage in the New York bank's efforts to establish a chain of fully owned bank subsidiaries in Europe. If successful, it will make NCB the largest foreign-owned bank in the Netherlands.

Chase said yesterday it would offer £140 for each of the outstanding shares. Mr Robert Hunter, the Chase executive in charge of Europe, said this placed a value on the bid of £143m.

NCB shares were trading at £132.80 before being suspended on the Amsterdam Stock Exchange yesterday, which means Chase is paying a premium of about 23 per cent.

The deal will have to be approved by the Dutch authorities, but Chase has received an informal indication from the central bank that it could go ahead. The U.S. Federal Reserve will also have to review it.

Chase has owned a stake in NCB since 1967 and was widely expected to seek total control. The key to the deal lay in securing agreement to buy the 27.5 per cent stake in NCB held by Thyssen-Bornemisza, the Dutch industrial group.

Dutch central bank shifts policy; Chase buys Lincoln First for \$308m; Dresdner expands in Switzerland, Page 9

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Giscard threat of action over oil allegations

BY DAVID MARSH IN PARIS

M VALÉRY GISCARD d'Estaing, the former French President, last night launched a fierce personal counter-attack against what he claimed was a "campaign of defamation" against him by the Socialist Government.

In a televised statement, M Giscard d'Estaing threatened to take "all measures" if "attacks on his honour" persisted. He was replying to questions over his judgment that have arisen this week over a mysterious affair involving a state-backed oil-prospecting venture during the later years of his presidency, which ended in 1981.

On Wednesday, M Henri Emmanuelli, Secretary of State at the Budget Ministry, claimed that transfer abroad during 1978 to 1981 of FF 500m (\$50m) in state funds to finance the prospecting venture amounted to "a giant fraud".

The project, involving airborne electronic reconnaissance to search for oil, was carried out by the state-controlled oil company Elf-Aquitaine, which maintained yesterday that it carried out the operations as a worthwhile experiment in good faith.

Speaking on television news, M Giscard d'Estaing at times appeared to have difficulty in controlling his anger. Brushing aside questions by TV interviewers, he declared: "That is enough."

Criticising "operations of calumny" launched by the Government, he said it was time the French people heard "the truth". M Giscard d'Estaing sought to turn the affair to his advantage by using prime-time television to reassert his authority. He said that those who tried to "denigrate France" would find him "on the road" to stop them.

On Wednesday in the National Assembly, M Emmanuelli accused M Bernard Beck, a former top judicial official, of destroying a copy of a report into the prospecting venture. M Beck has admitted destroy-

ing the report - which was drawn up at the behest of M Raymond Barre, the former Prime Minister - on the ground that it was confidential.

In a theatrical gesture last night, M Giscard d'Estaing brandished before the TV cameras another copy of the report. He said a total of six had been made. The reports had been kept secret at Elf's request because of their commercial value.

The project, on which work was stopped under the previous Government when the venture failed to produce results, could also have been used to detect nuclear missile-carrying submarines.

The matter was first brought to the public eye earlier this year by Le Canard Enchaîné, the Paris satirical weekly. The paper contributed to the electoral downfall of M Giscard by revealing his gifts of diamonds from the Central African Emperor during the 1970s.

The secrecy surrounding the venture - which Le Canard has baptised the case of the "unifair planes" - stems partly from the possible use of the electronic detection to pinpoint nuclear submarines.

M Beck claimed yesterday that his telephone had been tapped. Right-wing newspapers labelled the affair an effort by the Government to discredit the opposition and divert attention from economic problems.

Even though Elf Aquitaine maintains that it was acting in good faith, questions still have to be cleared up over the destination of the FF 500m sent abroad which has not been recovered.

M Emmanuelli, an energetic 38-year-old who has been directing several recent inquiries over alleged fiscal fraud, said M Beck's defence that the money was sent to Swiss bank accounts in the names of companies in Panama, Liechtenstein and the New Hebrides.

W. German court rejects bid to block missiles

BY JAMES BUCHAN IN BONN

THE FEDERAL Constitutional Court, West Germany's supreme court, has rejected applications for an injunction against the deployment of Pershing-2 and cruise missiles on German soil, on the grounds this was a political matter outside its jurisdiction.

The court in Karlsruhe announced yesterday that it had rejected suits from 17 plaintiffs who argued that the missile deployment, which began in November, was an offence against the right of life and protection in the Constitution, since the missiles increased the

likelihood of a Soviet preventive attack or an accidental nuclear exchange.

As expected, the court announced it was not for judges to assess such risks, but for the political authorities to do so.

Reuter reports from Ankara: Turkey Defence Minister, Mr Zeki Yavuzturk, said yesterday that his country would not allow deployment of U.S. cruise missiles on its territory.

"There is no question of letting cruise missiles be deployed in our country," he declared, denying foreign Press reports.

U.S. envoy confesses to fears of confrontation

BY LESLIE COULTY IN BERLIN

MR ARTHUR BURNS, the U.S. Ambassador to West Germany, said he had nightmares earlier this year about the possibility of a U.S. soldier being drawn into confrontation with anti-missile protesters in West Germany.

"If there had been a shooting incident, it could have led to a political disaster," the Ambassador told the U.S. armed forces newspaper, "Stars and Stripes".

Relations between the two countries had weathered the strains of uncertainty this year over the deployment of U.S. missiles. West German economic problems and the strength of the dollar, Mr Burns said.

He expected further demonstrations against the missiles in 1984 but they would decrease in size. Most of the protesters, he noted, supported a strong Nato but believed its strategy needed re-examination.

The former chairman of the Federal Reserve system, said some West Germans had criticised the strong dollar for attracting capital to the U.S. which could be spent on creating jobs in West Germany.

But, he said, the dollar's strength had also made West German exports more popular in the U.S.

He cautioned GIs in West Germany, who were enjoying their added spending power, that "it will not last indefinitely."

Brussels ultimatum on Italian state aids

By Paul Cheswright in Brussels

THE EUROPEAN Commission has given the Italian Government a month to justify its planned subsidies to help car, tractor, packaging and colour television industries in the centre and north of the country. No subsidies must be paid until the Commission has given approval, it said yesterday.

The challenge is further evidence of the attempt by Brussels to check the use of state aids. The Commission recently decided that recipients of unapproved state aids would have to pay them back.

Fourteen companies are covered in the Commission challenge. Their names were not disclosed, but Fiat is understood to be involved in the motor sector, where the projects affected are in Milan, Turin, Cuneo, Modena, Bergamo and Verceil.

The tractor project is at Bergamo, the paper packaging project at Verceil. The colour television venture in Milan is understood to concern Philips.

The investments planned range from L9bn (£3.7m) to L700bn (£233m) in cost. Subsidies from the state would come in the form of low interest loans and interest rate support on bank loans.

The objections to the subsidies come in various forms. For the motor sector, the investments are tied generally to bringing into production new models and, furthermore, they are not in regional development areas demanding special treatment.

In the tractor sector, the Commission thinks that the investment is also part of normal business.

The colour television project appears to the Commission to be in opposition to a restructuring plan already notified to Brussels. For the paper packaging plant, the Commission notes that the project would add to existing overcapacity.

Under the Treaty of Rome, state aids are banned in principle, but exceptions are made to help regional development and industrial restructuring, as in the case of the steel industry.

Unions call for top-level talks over Olivetti

By Alan Friedman in Rome

LEADERS OF Italy's metalworkers union want a "top level" meeting with the Government to discuss the new Olivetti alliance with American Telephone and Telegraph (AT & T) under which the latter is to buy 25 per cent of Olivetti for \$260m.

The union has fixed a meeting with Olivetti early in the new year to discuss the implications.

Sig Carlo de Benedetti, Olivetti's chairman, has told the unions they have little to fear as the alliance will probably create employment opportunities. Last night, he said he was not worried about the metalworkers' request for a government meeting.

"I met the unions and told them about the deal on Wednesday and they seemed pleased," he said, pointing out that L'Unità, the Italian Communist newspaper, had praised the deal.

Sig Renato Altissimo, the Industry Minister, said yesterday the Government was extremely pleased with the deal. He said a major international company such as AT & T has confidence in an important Italian company and in our country," he claimed.

With a relatively relaxed, even confident, attitude to the fate of his five-party coalition Government.

It is quite natural that the Italian Prime Minister should take strong personal interest in foreign affairs. After years of relative inactivity, Italy is heavily involved in two of the most important international issues of the day, each with domestic repercussions: it is one of the first three Nato countries to accept cruise missiles and it has the largest, and locally the most popular, contingent in the Lebanon multi-national peace-keeping force.

Yet the question is being asked whether Sig Craxi is not immersing himself in foreign affairs to the detriment of domestic issues that are at least equally pressing, and whether the headline-winning initiatives have all been effective.

In at least one important respect the Craxi style has borne the test. The Socialist Prime Minister has had considerable exposure at home, usually without the controversy that would have resulted had he embroiled himself to the same extent in domestic matters. This has boosted his national standing, as was shown by the small but significant gains the Socialist Party made in local elections last November.

Sig Craxi has been particularly active over the European missile issue, trying at first to moderate the U.S. stand when the Geneva talks were still on, and now working towards getting the talks started again. He made an unsuccessful but embarrassingly public attempt to reconcile President Amin Gemayel of Lebanon and the Lebanese leader Mr Walid Jumblatt when fighting broke out in September. But his critics say that his highly diffuse interest in foreign affairs left him too little time to prepare for the Athens EEC summit in sufficient depth.

He has tended the leave the technicalities of crucial matters

EUROPEAN NEWS

Host of vital issues await Soviet decisions

BY ANTHONY ROBINSON

AS WESTERN capitals wait for the Christmas break, last minute preparations are under way in Moscow for what promises to be one of the most important Communist Party central committee plenary meetings for years. The two-day meeting is expected to start on December 26 and be followed by a two-day session of the Supreme Soviet, the rubber-stamp Parliament.

Both meetings should have been held in early November but have been delayed by the ill health of President Yuri Andropov. It is still not known whether he will attend. But even if he does, some Western diplomats believe him to be a lame-duck leader.

Mr Andropov's four-month absence from public view has deprived the hierarchical Soviet system of a clear ultimate

authority during the Korean aircraft disaster and the last weeks of the intermediate nuclear force (INF) negotiations in Geneva.

Given the Nato countries' refusal to accept either a Soviet veto on new U.S. missiles in Western Europe or Soviet calls to prolong the December 1983 target date for their deployment, it is doubtful whether Mr Andropov's public presence would have significantly changed Moscow's decision to quit the INF talks. This was followed by a refusal to fix a date for resuming the parallel strategic arms reduction talks (Start).

The breakdown in arms control negotiations symbolised a deepening rift in U.S.-Soviet relations which is the heart of a wider chill in East-West relations.

This deterioration in the international climate has been the central point in what Western diplomats describe as "an agonising reappraisal" of both domestic and foreign policies which has taken place in the Soviet leadership prior to the forthcoming plenum.

Diplomats believe that the underlying issue facing Soviet leaders is how far they should retreat into a "fortress Russia" mentality—with higher military budgets, a tough crackdown on dissidence in politics, society and culture and greater powers for the police—and how far to keep the door ajar and respond to Western protestations of a desire for better economic and political relations.

Nato foreign ministers have agreed to attend the opening session of the European Dis-

armament Conference in Stockholm on January 17 and will be looking for a commitment by Mr Andrei Gromyko, the Soviet Foreign Minister, to do likewise. This could be the first occasion to gauge more fully the tenor of the decisions expected next week.

But the situation in Europe and U.S.-Soviet relations will not be the only topics for discussion. The war in Afghanistan, the situation in the Middle East—with special emphasis on relations with Syria and the Iran-Iraq war on the Soviet southern borders—are all important preoccupations.

Mr Andropov's future is not the only domestic question either. New blood is urgently required to fill gaps in the Politburo, now down to 11

members of whom only one, Mr Mikhail Gorbachev, is under 60; five are over 70. What is more, like most of the central committee members themselves, they are all Brezhnev appointees.

The Brezhnev old-guard, associated with Mr Konstantin Chernenko, appears to have used Mr Andropov's illness to resist efforts to remove them. Over the past 10 days, however, the party newspaper, Pravda, has come out with two strong attacks on party bosses in Moldavia, a former Brezhnev power base. This is seen as a symbolic attack on old, inefficient or corrupt party cadre nationally which could point to serious in-fighting and new appointments into top positions, including the central committee.

Much vodka but little tea in Warsaw, writes Christopher Bobinski

Christmas cheer—at a price

LIKE MANY other queue-wise Poles, housewives, Mrs Zofia Kolarzka has been saving her monthly meat ration card until this week. Experience has taught her that the authorities keep the best cuts for just before Christmas.

But with the slump in meat supplies, she may be disappointed in her hopes for a tasty Christmas Day joint.

On the other hand, fish, the traditional dish on Christmas Eve, is available if expensive. One way or another, most homes will have at least enough to eat this Christmas.

As usual, however, the effort of buying and preparing it all will be gargantuan and some shortages will inevitably show. One queue eager to buy herrings the other day narrowly escaped decapitation when the shop window, which impatient customers were pressing up against, collapsed.

Vodka, Mrs Kolarzka notes, is plentiful this year as are imported sparkling wines, but, sadly, supplies of citrus fruit are illusory as are dried fruit and sweets over and above ration allocations.

POLAND HAS postponed rises in the price of basic industrial raw materials and services originally due to come into effect on January 1, writes Christopher Bobinski. The intention is to slow the increase in consumer goods prices while the Government decides what to do about promised rises in the cost of basic foods.

It has become clear that a decision on increasing food prices, which could lead to public unrest, is being delayed and cannot be rethought in January.

The rise in the price of raw materials range from 15 per cent for coal to 60 per cent

for steel industry inputs. Parliament, meanwhile, has voted in favour of measures reducing the financial independence of enterprises and giving greater powers to central government. Banks have been instructed to restrict investment credits, and companies' investment funds are being siphoned off, leaving them with very little freedom of manoeuvre.

A bill to be passed just after Christmas will also heavily increase tax payments on company wage funds. This is widely expected to force managers to cut wages in order to avoid severe tax penalties.

As people rush around trying to get Christmas together, they are almost too busy to stop to judge if things are better or worse than last year. Few say worse, even less say better. Mrs Kolarzka says that deliveries of shoes to the shops are few and far between. But then few people buy shoes for Christmas.

Bonn wrangles over bank laws

BY JOHN DAVIES IN FRANKFURT

GOVERNMENT officials in Bonn face further wrangling in the next few weeks over plans to tighten the country's credit control laws, now in bankruptcy proceedings.

West German banks agreed to provide aid of about DM 800m (£204m) to prevent SMH having to shut its doors when even the commercial banks have cautioned against hasty action to tighten banking laws.

However, the Federal Banking Supervisory Office and the Bundesbank have seized on the SMH affair as an opportunity to press for stiffer laws.

One of the points still under discussion among Bonn officials is the extent to which bank subsidies should be included when applying the rule that lending should not exceed 18 times a bank's capital and reserves.

The Finance Ministry originally argued that subsidiaries at

least 50 per cent owned should be included, while the Economics Ministry and the banks argued that the threshold should be over 50 per cent. But it is suggested now that the threshold might actually be lowered to 40 per cent.

Officials have agreed that leasing operations should be included in the consolidation. But there is still disagreement over whether to bring in mortgage banks—a move hotly opposed by commercial banks themselves, which argue that mortgage lending is based on different criteria.

One of the bank laws highlighted by the SMH affair is a rule that banks should not lend more than 75 per cent of their capital and reserves to one major borrower. Officials in Bonn are inclined to propose reducing this to 50 per cent, although with a transition period.

The Finance Ministry originally argued that subsidiaries at

Commission's draft pollution rules unveiled

By John Wyles in Brussels

THE European Commission yesterday unveiled its proposed directive to reduce acid rain and other pollution caused by fuel burning.

The directive seeks by 1985 to have cut the annual emission of sulphur dioxide by 60 per cent, of nitrogen oxide by 40 per cent, and waste dusts by 40 per cent. The base year would be the measured pollution emissions in 1980.

Power stations would be affected principally. All new stations of above 100 MW would have to meet the new standards from 1985 while others of 50 MW-100 MW would have five years to comply after the deadline.

The Commission says it has chosen emission standards at levels which will not alter the competitive advantages of various fuels. It claims the targets could be achieved without excessive costs.

Soviet export sanctions lapse

By Ivo Dawkins in Brussels

EEC Foreign Ministers have allowed sanctions to lapse against Soviet exports to the Community, introduced in response to the declaration of martial law in Poland in March, 1982.

Brussels diplomats said last night that member states did not discuss the issue at this week's Council of Foreign Ministers on the advice of the European Commission. As a consequence, the sanctions will expire on December 31.

Whether the personal intervention of a Prime Minister from a party not noted for belt tightening could have achieved much more.

A further package of measures to cut the deficit is planned for the New Year. In addition the Government and the trade unions are hammering out an incomes policy which should involve reduced wage indexation. And there is the long-postponed problem of streamlining the steel industry, which even Sig Craxi's new inner cabinet seems unlikely to take most policy decisions—has not yet dared tackle.

It may be that Sig Craxi believes that a little economic growth next year will mask the real difficulties. It may be that he believes that there is little he can do about it when there is no chance of payments or lira crisis to frighten other politicians. If so, the Socialist Prime Ministership has not changed very much in Italy, except improve for the moment the fortunes of the Socialist Party.

How Turkey cooked its money books

By David Buchanan in Ankara

WHEN TURKEY's next round of talks with the International Monetary Fund (IMF) gets underway in the New Year, one of the most embarrassing subjects on the agenda may be the way Turkey's Ministry of Finance cooked the books on the growth of the money supply for 15 months while the Fund apparently turned a blind eye.

The story began in July 1982 when the former military government's Finance Minister, Mr Adnan Baser Kafaloglu, took office. The Turkish economy was still reeling from the shock of the Kafaloglu finance house crash, and several banks and industrial groups were appealing to the Treasury to save them from bankruptcy.

Mr Kafaloglu, as he told the Istanbul economic daily Dunya earlier this month, asked the IMF to suspend its demand for expansion of currency in circulation. The Fund, fearful of creating a precedent, said no.

Caught between the possibility of a serious chain of bankruptcies and reneging on their IMF commitments, Turkish Finance Ministry officials hit on a neat solution. Each Friday, they simply transferred the cash deposits of the country's largest bank, the Ziraat (agriculture) Bank, to the Treasury and held them there until Monday while figures on the volume of currency in circulation were taken. At nine o'clock the following Monday morning, the Ziraat Bank was given its cash back and resumed its transactions as usual.

At the time of the collapse of Kafaloglu, Turkey's largest savings house, in June 1982, the volume of banknotes in circulation was TL 396bn (£104bn). According to official figures, it continued to grow steadily but in line with Turkey's inflation rate until it stood at TL 542bn in the last week of October.

At this point, Mr Kafaloglu decided to stop calling in the Ziraat Bank's cash every week-end. As a result, the volume of currency in circulation appeared to leap by 36 per cent in the first week of November, rising to TL 735bn. One economics professor described it as "the sharpest increase in currency figures in Turkey's history."

Amid the uproar from economics pundits, Mr Kafaloglu decided to come clean and admit what had been going on, so as not to compromise the new Government elected on November 6.

An official was dispatched to tell the Fund the news. But according to Mr Kafaloglu, "they merely said that they knew all about it already and were fully aware of the situation."

Mr Kafaloglu's admission provoked a fresh round of criticism. Some Turks said that the country's official statistics would now be completely unreliable in future. Others claimed that the Finance Minister's statement was itself a smokescreen. They said that the flow of funds between the Central Bank and the Ziraat Bank had never been on the scale described, and accused Mr Kafaloglu of trying to conceal a massive injection of cash into the economy as part of a recent bid to bail out ailing industrial groups.

The Press has taken the affair as a nine-day wonder. An editorialist in Dunya, the paper which originally brought the matter to public attention, pointed out that the real puzzle was the IMF's long silence.

He said that the Fund had had to choose between abandoning its performance criteria for the Turkish economy, which would have been awkward, or standing by and watching many of Turkey's best known firms and banks crash. Turning a blind eye was the middle way.

Now that Mr Kafaloglu and his colleagues have resigned, the IMF will be negotiating with a new Government in January. It is thought that no one will be anxious to take Mr Oal to task for his predecessor's actions and both sides will be content eventually to let the episode fade away.

When in doubt pursue foreign diplomacy, decides Italy's 'king'

James Buxton explains why Craxi's reign has been so successful for his party

ONE ITALIAN newspaper recently called him a wanderer. Ever since he became Prime Minister of Italy last August Sig Bettino Craxi, the first Socialist ever to hold the position, has barely spent a full week in the country.

He has visited several Common Market countries, some of them more than once. He has been to the U.S., where President Reagan praised him to the point of hyperbole. He recently went to Argentina for the inauguration of President Alfonsín. For the New Year he has planned visits to two East European capitals.

While in Italy he has said little in public about domestic issues. Instead the media have reported him receiving a stream of foreign visitors, from presidents and prime ministers to mayors and men of letters. He shows a grave concern for the state of the world, combined

with a relatively relaxed, even confident, attitude to the fate of his five-party coalition Government.

It is quite natural that the Italian Prime Minister should take strong personal interest in foreign affairs. After years of relative inactivity, Italy is heavily involved in two of the most important international issues of the day, each with domestic repercussions: it is one of the first three Nato countries to accept cruise missiles and it has the largest, and locally the most popular, contingent in the Lebanon multi-national peace-keeping force.

Yet the question is being asked whether Sig Craxi is not immersing himself in foreign affairs to the detriment of domestic issues that are at least equally pressing, and whether the headline-winning initiatives have all been effective.

In at least one important respect the Craxi style has borne the test. The Socialist Prime Minister has had considerable

such as the reduction of the Italian contingent in Lebanon to two powerful ministers, Sig Giulio Andreotti at the Foreign Ministry and Sig Giovanni Spadolini at Defence. And when these two former prime ministers have occasionally disagreed publicly or even contradicted Sig Craxi (as Sig Andreotti did last month over the reaction to the French reprisal raid in Lebanon) the broad-shouldered Prime Minister has shrugged and appeared not to let it bother him.

Less generous observers say that Sig Craxi has little choice but to tolerate the over-mighty barons in his cabinet. His Government is, they say, really a "council of cardinals" in which powerful ministers call the tune while an inexperienced king carries out the public functions of monarchy.

But that is to devalue Sig Craxi's shrewdness, his considerable determination and the fact that because of the Socialist Party's pivotal role in coalition-

making there is at present no obvious alternative to him as Prime Minister.

Sig Craxi knows that the most serious problems facing Italy are at home, mainly in the economy where the public sector deficit fuels an inflation rate far above those of Italy's competitors and impedes the kind of recovery that the dynamic Italian economy ought to be capable of. But so far he has not seen anything to be gained from putting his name to such measures to cut Government spending.

Infosar as these problems are soluble in a five-party coalition. Sig Craxi is lucky to have assiduous ministers, such as the Christian Democrat Treasury Minister, Sig Giovanni Coria, and the Socialist Labour Minister, Sig Gianni De Michelis, to stick their necks out, say unpopular things and steer through relatively disagreeable measures, relying on little more than the tacit backing of the Prime Minister.

To the extent that these problems are not soluble, largely because of the uncertainty of the Christian Democrat Party as to whether it is the party of economic rigour or largesse, the Prime Minister may wisely calculate that he has not much to gain by plunging in.

The 1984 budget should be approved by Christmas, the first time in recent years. Usually nothing is finalised before the ultimate deadline of April 30 of the budget year. But although that is an achievement, the budget in its original form was considered inadequate to keep the public sector deficit down to "only" 15 per cent of gross domestic product.

The MPs have approved extra spending, defeated the biggest single new revenue raising element (an amnesty on building regulation offenders) and whittled down one of the few real cuts in spending—a reduction in indexation of pensions for the lower paid. But it is doubtful

whether the personal intervention of a Prime Minister from a party not noted for belt tightening could have achieved much more.

A further package of measures to cut the deficit is planned for the New Year. In addition the Government and the trade unions are hammering out an incomes policy which should involve reduced wage indexation. And there is the long-postponed problem of streamlining the steel industry, which even Sig Craxi's new inner cabinet seems unlikely to take most policy decisions—has not yet dared tackle.

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Bangladesh 'expels Soviet diplomats'

Rebuff for Pakistan from Gandhi

India is particularly concerned about the build up of U.S. F-16 fighters and about troop movements near its Rajasthan border with Pakistan. These troops could merely be engaged in winter training manoeuvres, but experts in India believe that it is in this area that any future war would probably take place.

the Americans and the French remains confused. While Syria, a tactical ally of Iran in the Gulf War against Iraq, has made it plain it would like the multinational force to leave Lebanon, the Tehran regime has also been vocal in denouncing Paris for its military co-operation with Baghdad.

Singapore plan

The Singapore International Monetary Exchange (Simex) is to start trading financial futures on May 2, linking up with the Chicago Mercantile Exchange (CME) so that members of each can use both markets. Simex chairman Ng Wok Song said yesterday, Reuters reports from Singapore. Simex, formerly the Gold Exchange of Singapore, will launch financial futures trading with contracts in gold, Euro-dollars and the Japanese yen.

Mr Mubarak will also need Washington's help in persuading Israel not to over-react to the Arafat meeting. Mr Yitzhak Shamir, Israel's Prime Minister, opposed the peace treaty with Egypt and some Egyptian officials fear that his commitment to it remains significantly less than that of his predecessor, Mr Menahem Begin. They also sense, along with King Hussein of Jordan, that

As one banker pointed out: "When a developing country joins the rescheduling club, it inevitably becomes a long-term member."

ART GALLERIES

MACKINNON & STRACHY, 17, Savile Row, W.1. 01-734 8911. Exhibition of 19th Century English and French Watercolours. Mon-Fri. 10-5.30.

ODETTE GILBERT GALLERY, 3, Cork St., London, W.1. The newest gallery in London specialising in living British artists is now open. Mon-Fri. 10-5.30, Sat. 10-1. Tel: 01-437 3175.

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EYE has outlived the other because of its policy of strict NO-DRUGS and NO-ALCOHOL. Summer from 10.30-3.00. Winter from 10.30-1.00. Nostradamus, Phoenix, Riverside, 14-18, Regent St. 01-734 6597

KAMON'S NIGHTCLUB RESTAURANT 22, Dean Street, W.1. Where today's rockers, hippies, punks, and various cabaret acts perform. Various capacity 800s throughout the week. No cover charge. No drinks available. Open nightly 9 pm to 3.00. 01-437 5485.

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UK NEWS

Car price war to restart in January

DEALER incentive campaigns are to be launched next month by Austin Rover, subsidiary of state-owned BL, and Vauxhall-Opel, offshoot of General Motors. The new campaigns make it virtually certain that the discount battle on car prices will start again in 1984.

Ford, the UK market leader, ended extra dealer incentives in September, but is not expected to ignore the latest moves of its main rivals.

Austin Rover will offer dealers up to an extra £500 on each Maestro 1.3 and £750 on most Ambassador models for those who achieve 105 per cent of agreed targets. There will be smaller bonuses for other models. It is the first time that the Maestro, launched last spring, has been included in an incentive campaign.

Vauxhall-Opel will announce details of its campaign on January 6.

THE GOVERNMENT confirmed yesterday that Mrs Margaret Thatcher's exchange of messages with President Raul Alfonsín of Argentina was intended to herald a new approach to the dispute over the Falklands.

Mr Raymond White, Foreign Office minister, said: "It was a manifestation of the wish we have consistently expressed to return to a normal, rational relationship with Argentina."

TRUSTEES of the Mineworkers Pension Fund have been authorised by a High Court judge to go ahead with a proposal to invest more of the fund's assets in the U.S.

The decision, after a three-day private hearing, is a setback for Mr Arthur Scargill, miners' union president, and four other trustees, who argued that the fund should not invest overseas or in competing sources of energy.

A FURTHER £25m of grants has been allocated by the Government to encourage large energy users to switch to coal from oil or gas. The money, available over the next 12 months, is in addition to £50m earmarked for coal conversion over the past two years.

LORD PILKINGTON, life president of the Pilkington glass group, died yesterday in hospital at St Helens, Merseyside. He was 78.

Cabinet studies plans to tighten Ulster security

BY MARGARET VAN HATTEN

THE BRITISH Cabinet is to consider proposals for improving security in Northern Ireland early next year. Ministers yesterday spent three-quarters of an hour discussing the security situation in the aftermath of the Provisional IRA car bombing outside Harrods, the London department store, last weekend. Five people were killed, including two policemen, and more than 80 injured.

The ministers are understood to have agreed to give more attention to assessing whether or not further measures were required to improve security. They discussed whether the existing law against incitement to violence could be more effectively used, for example against politicians and prominent public figures who openly support paramilitary activities.

This follows the decision the day before by the Irish Government to review its own laws of incitement.

The UK Cabinet decided not to proscribe Sinn Féin, the political wing of the IRA. Ministers strongly backed Mr James Prior, the Northern Ireland Secretary, who has consistently argued against proscription. He has pointed out that its members would merely continue to operate under another name.

Earlier this week, Mr Leon Brittan, the Home Secretary, said that there were two views on the ques-



Mr James Prior: opposed to banning Sinn Féin

tion of banning Sinn Féin. But the view in support of proscription appears to have been held by only a small minority in Cabinet.

Ministers appear to have been influenced by the decision of the Irish Government earlier this week not to proscribe the party, at least for the time being.

The UK Cabinet is reported to have expressed strong support for Mr Prior, who has been under attack from sections of the right-wing British press after the Harrods bombing.

No initiative on security is expected immediately. The Government is likely to wish to take into account the report of the Dublin-based Forum for a New Ireland, which is examining options for a political settlement.

Japanese approve UK for investment

By John Lloyd, Labour Editor

THE JAPANESE Government has given the official stamp of approval to the UK as a location for investment with the publication by the Japanese External Trade Organisation (Jetro) of a guidebook for investment in the UK.

It is the fruit of a year's work by Jetro, the Japanese Embassy and the Japanese Chamber of Commerce in the UK. Some 3,000 copies of the guide have been given away free to businessmen in Japan, and it has the explicit aim of attracting further Japanese investment to Britain.

The guide draws on the experience of 20 Japanese companies already located in the UK. Newcomers to the UK are in the majority and, as the guide delicately puts it, "high profitability is not yet established."

The only other element to dull the picture is the supply of components. "Companies interviewed have not always been satisfied with the quality, delivery time and price of their suppliers," the guide says.

Otherwise the record appears unblemished, and there is no hesitation in dealing with the British reputation abroad. "In Japan, the UK is reputed to have frequent strikes... however, strikes are confined to the nationalised industries and the public sector, and are rare in the private sector."

Response of the Japanese subsidiaries appears to have been remarkably positive. Conceding that it has been necessary "to minimise trade friction by setting up local companies" and to "gain access to the European as well as the UK market," the companies are loud in their praise.

The replies also reveal that the personnel techniques brought in by many companies have given the Japanese companies an edge over their UK rivals. A sports equipment manufacturer has introduced a flexible system under which employees can do three or four different jobs, while YKK, the zip fastener makers, has emphasised quality control to the point where it has less need for quality controllers than its competitors.

Local development corporations in Scotland and Wales - which host many of the plants - have gone so far as to build Japanese schools.

Finns and West Germans to build Soviet port

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE SOVIET UNION yesterday awarded contracts worth around FM 1bn (£120m) to a group of Finnish and West German companies for the construction of a major new Baltic port.

It is one of the biggest contracts ever awarded by Moscow to the Finnish construction industry and comes only days after the two countries reached a framework agreement in Moscow covering bilateral trade worth some FM 190bn (£23bn) over the five years from 1986-1990.

The contracts signed yesterday in Helsinki cover the building of a new port about 10 km to the east of the Estonian city of Tallinn. The port, destined to become one of the biggest in the Baltic, will be designed to handle grain and other foodstuffs, mainly meat and fruit.

The contract has been under negotiation for about two years and has been the subject of competition between several Finnish consortia and the Johnson Construction company from Sweden.

As late as Wednesday, the Swedish concern was still negotiating with the Russian authorities in Helsinki, but yesterday

a main contract was awarded to the Finnish Port Group.

The Port consortium consists of five Finnish companies, Perusyhtymä, YIT, Vesto, Omp and Vesi-Pekka. It has won the main port construction contract worth around FM 500m plus a small part of the orders for grain handling equipment.

The main contracts for such machinery have been awarded, however, to Buehler-Miag of West Germany. In addition, the Finnish group EKE Engineers is to supply a cold store for meat and fruit handling worth some FM 250m-FM 300m.

The port should be ready for operation in early 1987. The construction phase will mean a workforce of around 2,000, of which some 600 are expected to come from Finland.

The biggest construction contracts won to date by Finnish companies in the USSR include an iron-ore complex and new town at Kostomuski and a pulp and paper complex and new town at Svetogorsk. Further phases of both these projects

are currently being negotiated. Final details of the financing of the Tallinn port project are still to be agreed.

Next year's trade between Finland and the USSR is scheduled to total around FM 38bn of which some FM 18bn will be accounted for by Finnish imports, chiefly of oil and other raw materials. Finnish exports, chiefly of machinery and ships, could total some FM 18.5bn.

Trade between the two countries is supposed to balance over a longer period but in the last two years Finland has faced problems importing sufficient raw materials to balance rising exports, particularly of engineering products.

The Soviet Union already accounts for around 40 per cent of the Finnish construction industry's foreign order books and for around a quarter of Finland's total exports.

Baltic exile groups were strongly critical of the Tallinn port projects yesterday. They claimed that it would lead to a further Russification of the Estonian capital, where around 50 per cent of the population already consists of Russian immigrants.

India cuts duty on components for some cars

By John Elliott in New Delhi

CUSTOMS and excise duties on imported components for cars with modern fuel-efficient engines of over 1,000 cc are to be cut from a level of 185-210 per cent to 55 per cent for the next five years.

This will help to bring down the price of India's two existing medium-sized saloon cars when they are modernised in the next two or three years.

Announced by the Indian Government yesterday, the concession is in line with reductions already announced for cars of under 1,000 cc to help an 800 cc Suzuki car recently launched by the government-owned Maruti car company.

The existing 1,450 cc Hindustan Ambassador, based on the old British Morris Oxford, is to have a new Vauxhall body next month and an Isuzu engine installed, the concessions will apply, reducing the likely price of the car from about \$13,500 to \$10,500.

The second car involved is the Premier, based on an old Fiat model. It is to have a Seat 124 body next year and a new engine later.

Premier is now negotiating with possible engine suppliers including two Japanese companies, one of which is Nissan, and Renault and Fiat from Europe, although Renault is believed not to have offered a satisfactory modern engine in the 1,100 cc range needed.

Brazil wins £53m ship order from W. Germans

BY OUR WORLD TRADE STAFF

A GROUP of three West German shipbuilders have placed a collective order with the Brazilian yard of Companhia Navale do Rio de Janeiro (CCN) for the construction of nine semi-container vessels. The deal is worth DM 210m (£53m).

The ships, all double-skin, semi-container vessels of 10,000 metric tonnes each, and with a

650 TEU container capacity, will be delivered to the German companies between mid-1985 and mid-1988.

The three German owners are Leonhardt Reederei of Hamburg, which has ordered five of the vessels, Bechtel-Reederei of Hamburg, which has ordered two, and Hansa-Kruger of Hamburg, which also has ordered two.

Dutch shipyard 'must have cash to finish submarines'

THE HAGUE—THE WILTON-FIJENOORD shipyard of Rotterdam, said yesterday it does not have the money to finish the submarines it is building for Taiwan one day after the Dutch Government blocked a Taiwanese order for more submarines.

"If we want to finish the ships, we need to have money to buy the materials," said shipyard official Mr Van Vliet.

"If we had had a repeat order, we could have financed construction of the two submarines ourselves."

The Dutch Government announced on Wednesday that it would not issue an export licence to Wilton-Fijenoord for additional submarines because of the harm such further business might do to Dutch-Chinese relations.

The Rotterdam yard's board chairman, Mr Bas Sluis, yesterday met the Dutch Economic Ministry to discuss the company's problems.

Meanwhile, in Taipei, Dutch and Taiwanese officials said a trade may suffer because of the Dutch Government ban.

Dutch exports to Taiwan were worth \$200m (£133m) in the first 11 months of the year—40 per cent higher than the same period last year.

The Taiwan Defence and Foreign Ministry have declined to comment but rejection officials said the rejection was a surprise.

They said Taiwan has received assurances on the deal as recently as last week from a visiting Dutch mission.

Sharp rise in Irish exports

BY BRENDAN KEENAN IN DUBLIN

THE IMPROVEMENT in the U.S. economy has helped the Irish Republic turn in a better-than-expected export performance in 1983, with exports up 10 per cent in volume or 20 per cent by value.

Sales to the U.S. increased by 28 per cent, mostly in electronics and chemicals—products normally produced in Ireland by the offshoots of U.S. multinationals.

The manufactured sector showed the strongest performance with an 11 per cent growth in volume. Most of this

was accounted for by new, foreign-owned industry attracted to Ireland by its generous tax incentives.

But the Irish Export Board, CTT, pointed out that traditional Irish products such as clothing, footwear and glassware had performed well.

Sales to the EEC, other than Britain, were also strong, with a 21.8 per cent value rise with West Germany and France as the major markets.

The British market continues to be difficult for Ireland because it is the area in which

traditional Irish companies specialise and they have been suffering from stiff competition from UK companies.

Even so, exports to the UK grew by 14 per cent but CTT is anxious to improve the marketing and product development strength of Irish companies selling into Britain.

Agricultural products showed a reasonable growth of 11 per cent but the traditional Irish dairy products are suffering. The Irish Dairy Board reports that exports were down 2 per cent in value.

Japan set to gain in world vehicle sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

DESPITE huge investment and managerial effort by the automotive industry, world vehicle sales by the end of 1985 will be only 1m above the 1979 level—and virtually all the benefit will go to the Japanese, according to the latest forecasts by Automotive Research and Management Consultants (ARMC).

ARMC suggests that the Japanese will be better off to the tune of 2m vehicles, while the North American manufacturers will be 1m down on their 1979 output.

The Western European producers are forecast to better their 1979 production volume by 133,000 vehicles, or 1.1 per cent, taking it to 12,59m vehicles by the end of 1985.

World-wide vehicle output at that time is predicted to be 36.25m, or 2.7 per cent up on the 1979 total of 35.29m.

Despite the impressive recovery being achieved by U.S. and Canadian vehicle producers, North American vehicle output in 1985 could be 8 per cent down on 1979's volume of 13.11m. ARMC states in its latest International Automotive Review.

Within Western Europe, the major assembly facilities which exist around the world which are fed with really quite complete kits from Japan.

The preference to manufacture in Japan is still widespread and on economic grounds, the Japanese have good reason to

prefer the continuation of existing policies and practices.

"The dilemma now is how important are political considerations, however sound the economic case might be for the Japanese to retain control of their engineering, production methods, quality control and components manufacture."

ARMC reckons that "much publicised" joint ventures between Japanese and European manufacturers—such as those between BL and Honda, Nissan and Motor Iberica, and

Nissan and Alfa Romeo—"involve relatively small volumes."

It points out that "the General Motors-Toyota joint venture is suspended or at least its fate is in the balance."

Nissan's plans to build a car factory in the UK are even more doubtful.

"Nissan has repeatedly stated that (the proposed UK venture) was an 'assessment study'."

"The consensus of opinion is that the UK plant will not materialise."

ARMC points out that the EEC countries are divided in their approach to the "Japanese problem" in the automotive industry.

The British "favour encouraging efficient foreign manufacturers to locate within the EEC, while the French believe that 'existing national industries should be assisted to meet the challenge of the Japanese producers'."

ARMC is "inclined to allow Ford and General Motors to establish plants in France in the 1980s for similar reasons. The way that this difference of opinion is resolved (or not) will have important consequences for the long-term pattern of Japanese investment in Europe."

"International Automotive Review," pp 152. ARMC, B2H House, 67, Clerkenwell Road, London EC1R 5BH. £240

Dead Sea conveyor order may go to UK

By Maurice Samuelson

TWO BRITISH mining equipment companies are bidding to build an 11-mile overland conveyor to transport potash from Israel's Dead Sea chemical works through some of the wildest terrain in the Negev desert.

Anderson Strathclyde of Glasgow, and Cable Belt, part of the Laird Group, are both involved in final negotiations of the scheme, which would cost about \$20m (£13m).

The most serious non-British contender is E. L. Bateman, of South Africa, which has close links with the Israeli chemical industry, and is involved in other aspects of its expansion programme.

A U.S. company also has been consulted. However, there appears to be reasonable prospects that one of the UK concerns will win the job.

The conveyor would raise more than 2m tonnes of potash a year up a 3,000 ft incline from the Sodom chemical works to the railhead at Yotfa, near Dimona.

its construction will present considerable engineering problems since the area is scarred by deep ravines and wadis and the proposed route crosses two 600 ft escarpments.

At present horries of the Dead Sea Works haul the potash to the rail head up steep, winding roads.

Following visits to both Anderson Strathclyde and Cable Belt over the past fortnight, officials of the Dead Sea Works will next month inspect some of their installations in other countries, including Australia, the U.S. and France, before making their final choice.

British hopes of success have been buoyed by unusually attractive financial terms from the Export Credits Guarantee Department (ECGD).

Although Israel is regarded as a relatively rich country for the purpose of export credits, the Dead Sea Works company is being offered loans at 9 per cent interest repayable over 10 years after the project is commissioned. These terms are usually only offered to relatively poorer countries.

N. M. Rothchild is acting as Cable Belt's financial advisers on the project, while the New York-based Manufacturers Hanover is acting for Anderson Strathclyde.

A final decision to order the conveyor will be made in the face of strong pleas by the Israeli Transport Ministry that the Sodom works should be linked to the railway system as part of an eventual rail connection between the Mediterranean and Israel's Red Sea port of Eilat.

However, the shortest rail link from Dimona to Sodom is claimed to be at least twice as dear as a conveyor and beyond Israel's tightly stretched resources.

Schroder Wagg, the London merchant bank, has signed a \$9.9m credit backed by the ECGD which will help finance a contract awarded to Balfour Beatty for the installation of a 400 KV overhead transmission line to bring power from a station to be constructed at Aqaba to Amman.

The borrower is the Jordan Electricity Authority. This is the first project-related ECGD-backed credit in the Jordanian market.

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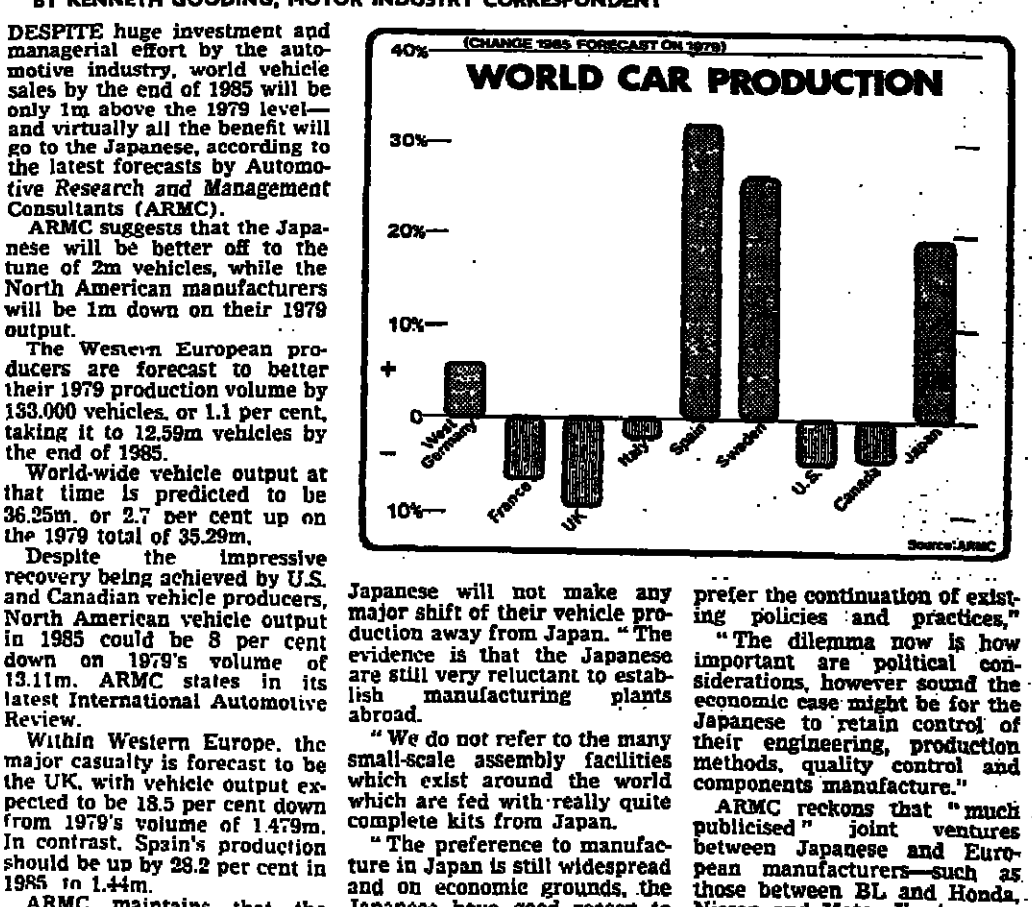
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THE ARTS

Arts Week

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Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Numan's production of T. S. Eliot children's poetry set to heavy music is visually startling and choreographically felicitous, but classic only in the sense of a rather staid and overblown idea of theatricality. (238 0262)

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like *Evita* and *Cats* before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the songs, apart from the first act finale, a la *Gaiety*. The music, the intimate moments borrowed direct from the film. (157 2628)

2nd Street (Majestic): An inimitable celebration of the heyday of Broadway in the '30s incorporates gems from the original film like *Shuffle Off to Buffalo* with the appropriately brassy and leggy hooty by a large chorus line. (977 0020)

Torch Song (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between down to the confrontation with his

doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (238 0200)

Nine (49th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film *8½*, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

On Your Feet (Virginia): Galina Panova with presumably a genuine Russian accent leads an enterprising cast to the revival of Rogers and Hart's 1936 sendoff of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 1970)

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon may expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the genre's outstanding box office draw. (757 8046)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are as authentic as rather than emotions. (238 0200)

Carmen (Vivian Beaumont): Peter Brook has done an excellent job in transforming this Lincoln Center landmark into a spruced up version of his earlier Paris *Boulevard* du Nord home for a fast-paced, stripped-down seven-performer, but wholly engrossing version of Bizet. (977 0770)

Naked (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's

backstage slapstick farce to Broadway in Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (243 3430)

CHICAGO

E. R. (Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

WASHINGTON

Beyond Therapy (Krewe): Christopher Durang's romantic comedy has all the elements of modern single life including meeting through the personals column of a newspaper and a scene in a hip restaurant, but it reflects more than explores the shallowness of a surfeit of choices. Arena Stage (488 3300)

As You Like It (Arena): The Neapolitan era of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the genre's outstanding box office draw. (757 8046)

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are as authentic as rather than emotions. (238 0200)

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Naked (Brooks Atkinson): Dorothy Loudon brings Michael Frayn's

light, space and pleasant stairways. Shame about the show, which not even Paul Nicholas's charm as a troubadour (singing with *Boyz n the City*) in search of both Richard the Lionheart and a hit song can rescue. Blondel finds his king, but not the rapacity. (928 7616)

Dear Anyone (Cambridge): Jane Lapotnik, without a doubt, is a very fine musical actress, but Jack Rosenthal's book to lyrics by Don Black and music by Geoff Stephens is nothing except a few Jewish jokes. Ralph Koltz's design for a newspaper office is an impressive steel assemblage. (379 5293)

Hay Fever (Queen's): Penelope Keith is more "right" for Judith Bliss than were either Edith Evans or Celia Johnson. She is very funny, winsomely autocratic, distracted. The supporting actors roll over without protest. (734 1184)

Pack of Lies (Lyric): Judi Dench in a decent, entrancing play about the breaking of a spy ring in the suburban Republic of 1950-60. Hugh Wilson more seriously constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (457 8888)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production promises a happy mix of serious levity. (336 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Russell novel; gym slips, hockey sticks, cliffhanger, rescue, moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (457 1592)

Noises Off (Savoy): The funniest play of the season, with a new twist, an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (336 8888)

Opera and Ballet

PARIS

Don Quixotte, ballet in three acts to Ludwig Minkus's music, choreography by Rudolf Nureyev after Petipa, production by Rudolf Nureyev. Decor and costumes by Nicholas Georgiadis conducted by Jean Desmet. John Lanchbery for the Paris Opera - Palais Garnier (268 5622).

Vive Offenbach enlivenes the festive season at the Opera Comique - Salle Favart (236 0511).

Nikolaï Danes with Nikolaï, the genius of a juggler, is preceded at 6.30pm by the Californian Jazz Tap Ensemble, full of contagious rhythm and fantasy, at the Théâtre de la Ville (974 2277).

Duke Ellington's Sophisticated Ladies - a musical by Donald McKayle and Michael Smuin at the TNP-Châtelet (234 4444).

WEST GERMANY

Berlin, Deutsche Oper: The week starts with Hilse and Gretel, produced by Hans-Joachim Preiser. This month is a new production of *Orpheus in der Unterwelt*, by Otto Schuster, with a new cast. In the main parts are Julia Varady and Patricia Wise.

Hamburg, Staatsoper: There has been much acclaim for new productions of *Die Fledermaus* and *Die Götterkinder* by Hans-Joachim Preiser, shown for the first time in Hamburg. The three one-act operas are produced by Peter Muschack and conducted by Christoph von Dohnányi. Hilse and Gretel is a perfectly cast with Elisabeth Steiner and Yoko Kawahara in the title roles. *Der Liebestrank* brings together Giuseppe Taddei, Neil Shicoff and Kathleen Battle. *Die Frau Ohne Schatten* has Leonie Rysaneck, famous for her rendition of the empress.

ITALY

Milan, La Scala: Giselle choreographed by Giovanni Coralli and Jules Perrot with Carla Fracci, Elisabetta Tarnust and Peter Schanuss; *L'italiana in Algeri* conducted by Claudio Abbado and designed by Jean-Pierre Ponnelle.

LONDON

Royal Opera, Covent Garden: Die Fledermaus, the Royal Opera's multi-platinum knees-up, now has at least an authentically mezzo-soprano Orlofsky (Doris Soffel) to right the balance of past stylistic imbalances. Plácido Domingo makes his British opera conducting debut; the rest of the principals are known quantities - Te Kanawa, Frey, Heichele, Luxon (240 1086).

Royal Opera House, Covent Garden: Ashton's *Concerto* with two madame performances. (240 1086).

Sadler's Wells, Rosebery Avenue: The theatre's branch of the Royal Ballet opens a season on Thursday with *Coppelia* (250 3191).

Royal Festival Hall: London Festival Ballet dances the Nutcracker twice daily from Tuesday (928 3191).

NEW YORK

Metropolitan Opera (Opera House): Hansel and Gretel, with Gail Robinson as Gretel, conducted by Thomas Fulton, highlights a week that also includes *Fidelio* with soprano Eva Martin as Leonore, conducted by Klaus Tennstedt. *Tristan und Isolde* conducted by James Levine with Hildegarde Behrens as Isolde and Manfred Ang as Tristan, with Sam Martini's new production of Ernani. Lincoln Center (580 9830).

New York City Ballet (New York State Theatre): Month-long performances of the Nutcracker continue. Lincoln Center (870 5570).

WASHINGTON

Washington Opera (Terrace): Gian Carlo Menotti's *The Medium* and *The Telephone* designed by Zack Brown is staged by the composer with Sherry Woods and Wayne Turanga in *The Telephone* and Madia Pelle, Beverly Evans and Francis Menotti in *The Medium*, both conducted by Lorenzo Muti. Kennedy Center (254 3770).

CHICAGO

Museum of Contemporary Art: 45 paintings of Surrealist Malcolm Morley trace the British-born painter's style from its origins in abstract works through Pop art to the ocean liners based on postcards that show the photo-realist influence of his self-styled Surrealism. Organized originally by the Whitechapel Gallery in London, the show includes recent pastoral landscapes with beach scenes and animals. Ends Jan 22.

Cinema/Nigel Andrews

Soap opera meets Sci-Fi



Natalie Wood as Karen Brace in "Brainstorm"

Brainstorm, directed by Douglas Trumbull. Krull, directed by Peter Yates. *The Lift*, directed by Dick Maas.

The Sci-Fi epic *Brainstorm* ushers us into an electro-telepathic future where mind-reading and sensation-sharing are available at the touch of a switch. The film begins boldly, builds promisingly, but ends by getting its electrodes in a terrible twist by the final act.

Ever since *Frankenstein*, Hollywood has loved going to the laboratory. White coats, microscopes and sizzling light-wire enshrine the magic of the future. Greer Garson covers radium as boldly and charismatically as Edward G. Robinson discovering a cure for syphilis on the next soundstage; and the audience casts itself willingly as the mice on the treadmill, scampering from plot-point while remaining cheerfully immune to the fact that they are covering no serious scientific ground at all.

Chuderski is all if the filmmaker can make the gobbledook convincing, the audience will eagerly follow the cyclical trail to hoped-for reward: as they do here for an hour or more. Dr. Fletcher, heroically ignoring her worsening heart condition, leads a team of scientists, including husband-and-wife duo Natalie Wood and Christopher Walken, in the search to perfect a "Brainscan" electronic helmet. All you do is place this daunting headgear on—and Eureka!—with the help of the right cassette you can relive another person's experiences or even your own. Food, sex, travel, every variety of pleasure (or pain) can be vicariously enjoyed through the wonders of Brainscan.

But hold! Laboratory chief Cliff Robertson has to cope not only with his struggling band of whiz-kid whitecoats but with the U.S. military, who see a way to snuff the discovery, classify it and use it for warlike ends. Will they succeed? Will the Does allow them to? Will Miss Wood and Mr. Walken have time to "relive" and perhaps revive their ailing marriage? Will Dr. Fletcher's dicky heart last the course? Is there an experience "beyond death" that the telepathy cassettes could reveal?

Having been plagued not only by these questions but by an escalating budget and the real-life demise of Miss Wood, *Brainstorm* is a movie that plays its wounds. Coriolanus-like upon its person. There are a handful of tremendous scenes, notably Dr. Fletcher's self-recorded coronary which the attractive couple help gather for life even as the harness science to her last seconds — and beyond. And

the premise of pushbutton telepathy is a richly ingenious one, almost too rich for its own good, since it sends out plot tentacles lolling madly in all directions.

But what finally defeats the film, despite the presence of director Douglas Trumbull (special effects wizard on *2001*), is that visual and dramatic invention flag behind the story's proliferating promise. The muscling-in of the military becomes the cruelest of conspiracy subplots, and ends in a slapstick compote of battle-torn laboratories and smashing glass and smoking wires. With Fletcher's death goes the only three-dimensional character: and Walken and Wood, whose marriage is skimpily sculptured

fruity of voice and trembling of whisker, "You will need the power of the glaive." And so this convulsive quest epic begins, depicting the prolonged and battle-fraught attempt of Prince Colwyn (Ken Marshall) plus "glave" (a kind of Mediaeval six-bladed frisbee) to reunite himself with his beloved Princess Lyssa (Lysette Anthony), after an army of unpleasant thugs called the "Slayers" have destroyed their two families.

The Slayers have dragged Princess Lyssa to be the prisoner of a giant monster called Beast; though whether she is intended to be his dinner or his concubine is uncertain. Prince Colwyn, pausing only to consult Mr. Jones as a Merlin-

bur, or even *Star Wars*). It lacks solid characters and imaginative actors (save the overworked and overwrought Mr. Jones). And I defy the average filmgoer not to shake in terror at the approach of each new weighty exchange in the mythic conversation stakes. "The Emerald Temple is in the Great Swamp, where three trees grow as one." (We never do discover about those three trees.) "Where does the Black Fortress rise?" "Tomorrow in the Iron Desert." If you go, take a large glaive and shake it threateningly at the screen.

There is no escape into gleaming sanity even with the week's final film. *The Lift* is a Dutch thriller about a lift. The lift in question operates in a large and sinister office block and has developed a mind of its own. It has graduated well beyond the normal foibles beloved of elevators, such as stopping three feet above the floor or crushing your umbrella between swiftly closing doors. This one depicts tastes heads, lures victims into fatal falls down the shaft, and whizzes up and down like a demented yo-yo.

Whodunnit? Who is behind it all? Can our humble lift-mechanic hero (Huub Stapel) stop it? Greatest mystery of all: why has no one given up and started using the stairs? The denouement didn't make any sense to me, and the film is wilyly dubbed into mid-Atlantic English, using no more than three discernibly different voices for a cast of 20-odd. But writer-director Dick Maas has hit on a bright idea, and in early scenes at least he dramatizes it with some spooky vim.

'Visual and dramatic invention flag behind the story's promise'

from soap opera basics, don't have the weight to carry the finale, which is the experiencing of the "beyond death" tape. The tape itself, furthermore — for which, as with the other telepathy setpieces, the screen expands to 70-mm — proves a disappointing blast of visual silliness: consisting of shiny Yuletide balls afloat in a vast and pastel-coloured water space. In *Brainstorm*, as in many Hollywood Sci-Fi films, to travel is better than to arrive, to explore far better than to discover.

In Krull it would have been best not to set out at all. You will need more than men or the sword," quavers Freddie Jones,

Gandalf surrogate, sets out. En route he meets a Cyclops (Bernard Bresslaw), a merry band of ex-thieves and David Barclay as a wandering yeoman ("I am Ergo the Magnificent") all of whom join the quest through arduous landscapes and worse dialogue to find and deliver the Princess.

This dreadful movie, bred out of *Star Wars* via *Hawk the Slayer*, proves that some parts of the film industry will never learn. Unrepentantly they will go on hurling themselves down the bottomless pit of their own derivativeness.

The film lacks suspense, wit or visual originality. (Pictureorially it's knocked sideways by Exci-

Mother Goose/Shaw Theatre

Chris Dunkley



Gay Soper and Norman Rossington: Christmas bargain

The chorus is just six strong, three boys and three girls, the "band" consists of three Shapurs on keyboards and Chris Baron on drums; and the plywood flats and wings which partially convert the Shaw's apron stage into the proscenium arrangement, so that a pantomime really needs are unpainted.

Yet few of the essential elements of pantomime are missing. Like the writers of this year's National Theatre production, *Chorus* (a treasure trove hit with the public on the second night, incidentally), Mother Goose writer Myles Rudge has revived the Victorian prologue with Joyce Grant's attractive, homely, fairy godmother and Robert Austin's mesmeric demon king exchanging challenges.

Between that and the final walkdown there is the expected rapid succession of scenes: a song about Real Elf Stew with an eel that dances in the pot; a Feydeau-style bedroom sequence with everyone climbing in and

out of the window, the chest and the wardrobe; a ballet in the enchanted wood, and best of all, perhaps, a synchronised tap dance with the chorus dressed as penguins at the North Pole.

Rossington leads with zest and is helped in his sweet hurrying stunt and the community singing by Lucy Fen-

wick, who seems particularly powerfully possessed of the spirit of panto. Gay Soper's principal boy Jack wears itchy-looking brown serge knickerbockers too long (in both senses) and one pities Kevin Hudson doubled up inside the actual goose.

The preponderantly juvenile audience at our performance

would probably have preferred fewer songs and more slapstick: two minutes with soda siphons is really no substitute for a proper wallpapering or dusty-making scene, and for the Dame to take off one solitary corset seems downright mean. Still, with top price seats at £4 this must be one of London's best Christmas bargains.

Il Trovatore/Grand Theatre, Leeds

Arthur Jacobs

Usually the only distinction between the warring sides of *Il Trovatore* is that one is led by the baritone, one by the tenor. The achievement of this new production by Opera North, and the justification for updating the action to the 1930s and the Spanish Civil War is that the political basis of the plot acquires the force appropriate to Verdi's own concept of historical opera.

The updating is brilliantly realised in the staging by Andrei Serban with scenery by Michael Yeargan (both of them previously involved in similar re-thinking on behalf of the

Welsh National Opera). Had this production been in English, the point would have been stronger still, especially in the long, static narration of the opening scene.

But whereas this company's previous departures from the English language have found small excuse in the choice of figures, this one is strongly cast. Of three overseas soloists making their British debut, Dietrich as Luna was a persuasive villain — not like John Tranter as Ruiz, given to bark for emphasis effect. I much admired Cynthia Buchanan's Azucena — younger than the conventional crone but no less a creature of suffering intensely portrayed. ("Strana pietà!" was a particularly telling exclamation to her son.)

The company's choral forces responded splendidly to Mr. Serban's direction, as well as to the able conducting of Yan Pascal Tortelier. The usual "Anvil Chorus" became a

scarcely sung preparation for battle, with rifles clashed, and the trivial words delivered as if they had been adopted as a motto of liberty.

For this and all the other scenes, a single frame of a war-scarred building sufficed. Who would suppose it possible to get through *Il Trovatore* so swiftly and convincingly, with only a single interval?

The diversity of locations and lapses of time in the original did not seem to matter, and one could almost accept, in the stylised posing favoured by Mr. Serban, even the absurdity of the heroine's mistaking the man she hates for the man she loves.

Festival fare in Washington

Again the Kennedy Center Holiday Festival features a variety of musical programmes from near and far. Besides local Washington groups like the Mary Blankemeier Band and Alexandria Community Singers, the free activities include the African Heritage Dancers and the Keren Ohr Israeli Dance Troupe.

A fortnight's festivities move toward the new year with the Raquel Fuent Spainish Dance Company and the new traditional Night in Old Vienna, with conductor Alexander Schneider and friends performing Mozart, Schubert, Strauss and others.

Specific Christmas fare can be heard from a Handbell Spectacular directed by Nancy Cappel, the film of *A Christmas Carol*, the New Age Woodwind Quintet and *A Renaissance Christmas* done by dancers and the Dupont Circle Consortium of Renaissance instruments.

For children there is the Magic of Hans Christian Andersen with puppets and the communal Messiah Sing Along (254 3900).



Isaac Stern at Carnegie Hall, New York

Music

LONDON

Gilbert & Sullivan Gala with the London Concert Orchestra conducted by Fraser Douglas with Ann James, soprano, Doreen Wallace, mezzo-soprano, Graeme Matheson-Brace, tenor, Martin McEvoy, baritone and Kenneth Sandford, bass-baritone. Barbican Hall (Mon), (338 8891).

Royal Philharmonic (Avery Fisher Hall) Kurt Sanderling conducting. Shlomo Mintz violin, Moussorgsky.

NEW YORK

New York Philharmonic (Avery Fisher Hall) Kurt Sanderling conducting. Shlomo Mintz violin, Moussorgsky.

WASHINGTON

Concert Hall: New York String Orchestra, Alexander Schneider conducting. Vivaldi, Beethoven, Brahms (Mon), Kennedy Center (254 3776).

Rough, piano, Rossini, Handel, Grieg and Beethoven, Barbican Hall (Tue).

The Parkour Quartet Victorian Christmas treats performed in costume by Maureen Keotch, soprano, Angela Vernon Bates, mezzo-soprano, Robert Carpenter Turner, baritone, and Kenneth Barclay, piano.

Shostakovich, Prokofiev, Schubert (Thurs) Lincoln Center (574 2424).

New York String Orchestra (Carnegie Hall) Alexander Schneider conducting. Isaac Stern violin, Yo Yo Ma, cello, Brahms, Beethoven (Thurs) (247 7459).

Exhibitions

WEST GERMANY

Berlin, Akademie der Künste, 10 Hans-Steinweg: Design, furniture, drawings and publications by Adolf Loos, the Austrian architect and master craftsman (1870 to 1933). Ends Jan 15.

Braunschweig, Herzog Anton Ulrich Museum, 1 Museumstrasse: French Painting from Watteau to Renoir has 70 landscapes, still lifes and portraits from the 18th and 19th centuries. Ends Jan 22.

Bremen, Kunsthaus, 207 Am Wall: A survey of the work of Otilio Rodon (1840 to 1916), the French symbolist painter. It comprises 200 oil paintings, pastels, drawings and graphics. Ends Jan 22.

Hannover, Kestner Gesellschaft, 16 Warmbüchsenstrasse: Expressive paintings and coloured bronzes sculptures by Sandro Chia created by the Italian "Fame" artists between 1975 and 1983. Ends Jan 22.

Düsseldorf, Städtische Kunstschule, 4 Grabbeplatz: Plaster sculpture. The 197 pieces — made of wood, plaster, bronze, wire wrapping and rolled iron sheets — span all periods. Ends Jan 29.

Frankfurt, Jahrhunderthalle Höchst, Pfaffenweg: Paintings, French drawings and documents from between 1904 and 1987 by Erich Heckel, the German expressionist and co-founder of the Die Brücke school of painting, exhibited on the occasion of his centenary. Ends Jan 8.

Munich, Haus der Kunst, 1 Prinzregentenstrasse: The museum is showing artist Paul Klee's early work. There are paintings, drawings and watercolours. Ends Feb 2.

Hannover, Wilhelm Busch Museum, 1 Georgengarten: The first venue of the rotating exhibition with 178 etchings and lithographs by George Cruikshank, the British cartoonist. Ends Jan 8.

ITALY

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Vermeer paintings for church windows.

Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31.

Musée Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli.

HOLLAND

Irish Culture from 3000 BC to 1500 AD in Amsterdam's Rijksmuseum until Feb 28. The Book of Kells, the most magnificent illuminated version of the gospels in Europe, is joined by a hoard of bronze, silver and gold treasures, all finely wrought and

many of them encrusted with jewels — a reminder that long before its present troubles, Ireland had its golden age and was the last repository of Western art and learning to fall to the Vikings.

One hundred paintings by modern Dutch artists at the Stedelijk Museum, Amsterdam, until Jan 8.

PARIS

Raphael — Three exhibitions pay homage to the great Renaissance painter — born 500 years ago. The Grand Palais assembles, for the first time, most of the paintings and drawings from French museums, among them Le Petit Saint Georges, La Belle Jardinière and Balzac's Castiglione's portrait. Another exhibition shows Raphael's influence on French art from the 16th century to the present. Grand Palais (261 5410).

Closed Tue, Wed late closing. Ends Feb 13. The Louvre completes the anniversary celebrations with an exhibition of the most brilliant of Raphael's collaborators, among them Giulio Romano, and of his disciples. Louvre, Cabinet Des Dessins (260 3820). Closed Tue. Ends end of Feb.

Balthus — in collaboration with the Metropolitan Museum 50 paintings and as many drawings are shown in the successive painter's first retrospective revealing a universe peopled with adolescent girls and cats in an atmosphere of troubling intimacies. Centre Georges Pompidou (260 3820). Closed Tue. Ends end of Feb.

Cycladic Art from the N. and D. Goulandris Collection — more than 200 remarkable items dating from the third century B.C. are being shown at the Grand Palais before returning — definitely — to Athens. Grand Palais (closes Jan 9). Closed Tue, Wed late closing until 10 pm (261 5410).

LONDON

The Hayward Gallery: Raoul Dufy — a timely reminder that this hero of countless chocolate boxes and postcards, the painter of modern art, was not only a significant painter but a follower but no slave of Matisse, who later developed into a decorative artist of the first importance. His elegantly preliminary notation, and his characteristic imagery — white sails in the bay, palm trees below the balcony, bright silks against the apple green of the race-course, have been taken up and broadcast endlessly by lesser talents. His admirable face of modern art is especially remarkable in a beautiful and necessary exhibition. Ends Feb 5.

The Hayward Gallery: Hockney's Photo-

tographs — a brisk survey of Hockney's practical use of the camera from simple reference and aide memoire to photographic exercises. This latter aspect developed slowly but has speeded considerably in the past 18 months. The composite photographic image is no longer just a simple still life or portrait study, but a strange and intriguing image of an event, a sequence of action, a passage of time. Ends Feb 5.

NEW YORK

Contor Sculpture Center: Set against a spectacular view of New York, the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and restorer Hans Leosson. One World Trade Center, 105th storey.

William de Kooning (Whitney): This major retrospective with 250 works covering the artist's entire career is divided into drawing and painting and sculpture sections. Half the exhibits are drawings. And there are 25 sculptures. Ends Feb 19.

WASHINGTON

National Gallery: Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlan, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8, 1

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Confidence at Sellafield

BRITISH Nuclear Fuels has few friends just now, either inside or outside the nuclear industry. A system which was said to be fail-safe, has failed, casting doubt on the integrity of all other claims by the nuclear industry, military as well as civil, that its systems are inherently fail-safe.

As a result, 25 miles of coastline close to the offending Windscale works at Sellafield in Cumbria are to remain closed to the public this Christmas. The government's watchdogs over public exposure to radiation say there is still some risk of finding fission contaminated with radio-activity flushed from the reprocessing plant during maintenance operations in mid-November, even though they have confidently declared local fish fit to eat.

The latest leak has occurred at a particularly inconvenient time for the government. It is defending against a determined opposition a policy of introducing several new nuclear weapons in Britain—Chevaline, Trident, cruise. It is conducting a public inquiry into the case for introducing a new type of nuclear station for Britain. It is opening local negotiations for repositories for nuclear wastes. It is trying to convince some trade unions that sea-dumping of certain nuclear wastes can do no harm now or far into the future.

The Windscale works stands at the heart of all these activities. It reprocesses spent fuel from the Magnox first-generation nuclear stations, an activity which must keep pace with the flow of fuel if BNFL is to avoid repetition of its serious troubles of the 1970s. These arise because the magnesium alloy encasing the fuel corrodes in storage, unlike fuel from newer types of reactor. It stores spent fuel from second-generation nuclear stations in Britain, Europe and Japan, for which it will start building next year a £1.2bn reprocessing plant.

The Windscale works also stores spent fuel for the Navy from a score of submarine reactors. It stores plutonium, separately, for the military and civil nuclear industries. It makes plutonium fuel for the fast breeder reactor in Scotland. It stores the deadliest form of nuclear waste—highly radioactive effluent.

In short, the Windscale works is an indispensable part of the nuclear industry, around which all but the medical aspects of nuclear technology revolve. It cannot be closed even temporarily without sending shock waves right through the industry. In the present climate of public opinion, it is unlikely that it can be replaced.

BNFL is trying to do the next best thing. It is virtually reconstructing an old factory which began life in explosives during the Second World War. It has a £20m reconstruction programme in hand, the highlights of which are the new reprocessing plant, another £200m for a plant to vitrify high-level nuclear wastes for safer storage, and about £600m for other construction.

Friends and enemies alike have recognised the crucial importance of the Windscale works in government nuclear policy. Copeland Borough Council, normally well disposed towards the company as the major local employer, nevertheless withheld planning permission for much of the £20m as a lever to try to persuade Whitehall to rebuild the A595 coast road through Cumbria.

Admitting mistakes

Opponents of nuclear energy have tried many ways of hampering the factory's operations and hence the viability of nuclear activities generally. For example, they have tried to prevent shipment of plutonium, to prevent spent fuel flowing freely by rail from nuclear stations, do prevent foreign spent fuel arriving at Sellafield.

In 1977 a public inquiry gave the go-ahead to the new reprocessing plant at Windscale after an exhaustive study of all the public interest issues involved, including health and safety. Yet no public inquiry, however satisfactory from the industry's point of view, can provide a final answer to the anxieties which continue to surround nuclear matters. BNFL, like other branches of the nuclear industry, has to go on demonstrating to the public that its procedures for dealing with health and safety risks are effective and that its management systems work properly.

The leak at Sellafield represents a severe setback for the nuclear industry, and one of its own making. A willingness to admit mistakes is a necessary part of rebuilding public confidence. However, failing to do so may be to an industry which can be justifiably proud of its safety record, the process of responding to criticism and allaying anxieties is a continuous one.

The quality of government

SIR DOUGLAS WASS began his BBC Radio lectures by saying that he thought that the essential requirements of a good system of government could be narrowed down to two ideas: efficiency and responsiveness. He ended by quoting John Maynard Keynes, the biographer of Gladstone, who wrote in his essay, *On Compromise*, over a century ago that the wise innovator was a man "who had learned how to seize the chance of a small improvement while working incessantly in the direction of greater ones."

Sir Douglas put forward few new ideas. Where he did, such as in his proposal for a standing Royal Commission which would investigate the way in which the government saw fit, he went off-beam. Yet the significance of his lectures lies less in the content than in the fact that they were given at all. Here, in the words of a senior civil servant, only recently retired as head of the Treasury, admitting in public that the machinery of government in this country is greatly in need of reform.

Some of his thoughts were plainly based on recent experience: for example, the failure of the Civil Service to adapt quickly enough to the more radical approach of Mrs Thatcher when she became Prime Minister in 1979. Hence the stress on the need for responsiveness. There was also more than a touch of a reply to Sir John Hoskyns, the former adviser to Mrs Thatcher who has argued that the Civil Service had become defeatist and had therefore itself contributed to Britain's relative decline.

Analysis and review

The arguments, however, go wider than that. There have been repeated attempts at reforming the machinery of government over the past 20 years or so. The striking fact is how few of them seem to have worked and how many were abandoned when the political masters changed. The process of policy analysis and review, introduced when Mr Heath was Prime Minister as a means of examining whether policies were working in the

way intended, was an excellent and non-party political reform in itself. But it was dropped by the next government. The "think tank" or Central Policy Review Staff has now gone altogether with nothing yet put in its place.

The intention to reform, and the knowledge of the need for reform, have been there for a long time. But the instruments have not yet been found. In seeking them it is worth remembering that the principle in mind: there must be some means of continually re-appraising government policies, not only for the sake of ministers but also, as far as possible, for the benefit of the public.

A large part of the responsibility for this lies with Parliament. The select committees of the House of Commons set up under Mrs Thatcher's first administration have not on the whole been notable for subjecting government policies to rigorous scrutiny. It is true that they need more staff, but it is up to Parliament to vote the funds for the advisers it needs.

As Sir Douglas noted, the select committees of the Lords often seem to take a longer view. There is no reason why there should not be joint committees of the Lords and Commons: their impact might be considerable. But only Parliament can set them up. Parliament, however, is not quite enough. There is a need for an independent body of observers capable of standing up to ministers. Some of this task is carried out by the Civil Service but, as Sir Douglas admitted, that is not enough, either. Besides, most of the advice provided by the Civil Service is not accessible to the public.

To achieve the twin aims of greater efficiency and responsiveness it is necessary to have more open government and to make a virtue of it. Mrs Thatcher should stop complaining about the civil servants who have performed no worse than the politicians. She should be thinking in terms of reinstating a "think tank" with a much more visible presence than its predecessors. The quality of government would be higher if the level of public debate were raised.

FEW PLAYBOYS of the '50s jetset have made it to the House of Lords. Lord Hanson, a whiz-kid of the '60s City have become captains of British industry. James, now Lord Hanson has pulled off both feats—and become in the process one of the least public figures controlling a major international company in Britain today.

At 61, the chairman of Hanson Trust now moves largely unseen in the corporate jungle, as befits one most generally perceived as a dangerous predator. Only his rough whereabouts are from time to time betrayed by a sudden rustle of share prices on the stock market, and occasionally by the services of a futuristic species or two.

These squawks have been growing more frequent. Hanson is still best known to most people for his year-long engagement to Audrey Hepburn, called off all of 21 years ago; but today he controls the 25th biggest company in the country in terms of market capitalisation and a voracious appetite for other people's companies has fuelled much of its growth.

The appetite, it is fair to say, has grown with the eating. Every Monday, Hanson leads the stock market's capitalisation ratings to check his company's position. The latest review might have found him more preoccupied with his maiden speech in the House of Lords, delivered last Monday afternoon—had not the ratings this week had an added interest: Hanson Trust eight days ago launched another bid battle, this time for London Brick. If it succeeds, take-over will push the company nearer still to its chairman's goal: a place in the top ten UK companies before 1988.

The goal: a place in the top ten UK companies before 1988

Who is the man behind this ambition? And what has kept him on target so ruthlessly through the 20 years of his growth? Hanson's family background before 1964 helps with the first answer, and the corporate story since then offers plenty of clues to the second.

Neither school nor seven years of army service in the army brought much out of Hanson that he is now prepared to talk about, but the enforced delay in getting on with life must have left him a frustrated 26-year-old, even today the idea of picking eight desert island discs strikes him as a little bizarre since he "can't visualise being on that island long enough to listen to all eight."

In other respects, though, Hanson's upbringing left him better equipped. The son of a wealthy Yorkshire entrepreneur, he was groomed from the start to run his own business. The nationalisation of his

father's road haulage operation for £3m in 1945 left him with some capital and the incentive to start out. He and his younger brother Bill built a base first in Canada, later expanding back into Yorkshire, each of them spending five months a year in North America—a practice which Hanson has never given up.

His family background offered Hanson rather more than just money and self-confidence. His father, Bob Hanson, had himself inherited a Victorian family haulage business and with it a deep love of horses.

In 1951, television was about to turn show-jumping into mass entertainment. Bob Hanson began to buy horses for young British riders—including his own son, Bill—in a determined effort to put Britain at the top of an already increasingly popular sport.

Dorrian Williams, the BBC's show-jumping commentator from the early '50s, became a close friend of the family. "There was no-one in those early years of the sport to equal Bob Hanson in his generosity as a patron," remembers Williams—and it provided the whole family with a ready door to the horse world and all the people associated with it.

The young Hanson glided elegantly through that door, into fashionable society and straight into the gossip columns of the 1950s. Tall and strikingly handsome, he was photographed with a succession of beautiful women companions. More important than any of them, however, was Hanson's friendship with another Yorkshire lad about town, called Gordon White.

The two men went into a new business venture together—importing U.S. greeting cards in the late 1950s. It prospered and they decided in 1964 to develop a publicly quoted company, already under the Hanson family wing, into an industrial holding company. Hanson in the intervening years had married and had a Canadian part of his family business. The holding company, Hanson Trust as it was later renamed, now became his consuming interest. And it has remained so ever since.

Nearly 20 years on, Hanson's life will revolve almost exclusively around his family and his company. A peripatetic existence is based on two homes in the UK and two in the U.S., but no yachts off the Riviera, they went years ago—and relies heavily on a daunting personal organisation: he has nine or ten secretaries ("I can't keep count"). He rises at 6 am, spends an hour with the newspapers, and usually works in his office from 8 am to about 6 pm.

Money is seen as "an important yardstick of one's success," but the real motive is his fascination with corporate power: making businesses work and winning his peers' respect. Ask Hanson if he is religious and he will talk about the Church of England's need for better management.

PROFILE OF LORD HANSON

Much more than a predator

By Duncan Campbell-Smith



AS HANSON TRUST goes into its 20th year, it has a market capitalisation just over £1bn, with sales in the September of £148m, and 50,000 employees—about half of them in the U.S. and most of the rest in the UK.

Fourteen manufacturing divisions similarly straddle the Atlantic, concentrated in high volume, low technology industries. An extensive product range includes such household names as Ever Ready batteries, Butterley bricks, Ames garden tools, Smith meters, Berry Magneal gas fires, Leigh safety shoes and Crabtree electrical accessories.

Hanson Trust is almost the sole focus of this fascination and he seems as unlikely now as ever to be distracted. He has very few non-executive directorships elsewhere and does not intend to change his basic routine much now that he is in the House of Lords—though discovering the ways of the House has clearly made a deep impression on him.

The apparent contrast between all this and the playboy image of the past is largely superficial. It is striking how many legacies of his early background are with him still.

Three in particular stand out. Hanson was very close to his father and has taken to his ways. He is naturally assertive—whenever Hanson's helicopter approaches Heathrow, it is the

chairman rather than his pilot that the air-traffic controllers and speaking to them—but in his private life he is surprisingly reserved.

Close friendships have developed over the years with a select few—Lord King, for example, who is godfather to one of his own two sons—but Hanson keeps a careful distance between himself and most others.

As a businessman, he still practises the lessons learnt for the most part from his successful development of the family haulage business. Details wherever possible are delegated to others, and it is a cardinal rule of Hanson's management that initiative should be rewarded with additional responsibility.

Critics of Hanson Trust's rapid growth often cast doubt on its chairman's ability to expand a business organically. While this probably underestimates his record in the haulage industry, it also misses the point of Hanson's guiding philosophy: to let others manage where they can, while he concentrates on strategy.

He has adhered to this philosophy with a striking consistency. In the words of Gwyn Watford, chairman of Trident and a close associate of Hanson's: "He has gone on putting thoughts on the end of his preoccupations, but they are the same preoccupations today as they ever were."

But the third and most important legacy of those early years remains Hanson's partnership with Gordon, now Sir Gordon, White.

Hanson's younger brother Bill died of cancer in 1954. White took his place and the two men have worked together ever since, more like twins than brothers in Hanson's phrase. Both men speak of a positively telepathic relationship. "We sometimes turn up wearing the same ties," says their teamwork has undoubtedly given Hanson Trust a formidable cohesion. White now runs the group's extensive interests in the U.S. but they talk together on the telephone every day.

In fact only a legal technicality in the '60s stopped the partners calling their company Hanson White. But Hanson Trust it became and Hanson's own name is the most colourful of the group's image, in the UK anyway, whenever it is most exposed to the public eye—whenever, that is, it hits the take-over trail.

Here again the record points to a striking consistency. Hanson's caution through the years belies the standard image of a man born with a silver spoon in his mouth. "I've always thought about the downside risk in everything," he says, "and the upside potential—we don't gamble."

In 1974, according to White, this even led Hanson Trust to turn down the chance of buying 51 per cent of Avis, the giant U.S. car hire business, for a mere \$17m cash payment. "I told him it could put us straight in the big league but that if it went wrong it would bust us," says White; "we didn't have to talk about it very long."

In public take-over battles, the caution has meant a notably parsimonious approach to bid prices. But it has also gone hand in hand with a determined acquisitiveness. This has generally deterred companies from overtures, except friendly initial overtures, tended by Hanson to many of his subsequent victims. Most believe that a very long spoon indeed would be needed to sup with this particular partner.

Hanson's response to a rebuff in the market is not usually certainly bruising. It is no hard to find past adversaries who think him vindictive and even on occasion ill-mannered.

Hanson himself accepts that such acrimony is "sometimes a by-product of a competitive struggle, though it does seem a pity to me that more directors don't think a bit more about their shareholders and a little bit less about their own jobs—but it would certainly be wrong to assume that time and success have made his style more aggressive."

Rather the contrary. A formidable influence in the '70s was probably his involvement with the television industry, as chairman of Yorkshire Television. To quote Ward Thomas again: "James is a fast learner. The constant exposure to a heavily regulated business environment quickly taught him how to tiptoe through the political tangles rather more carefully than he'd perhaps needed to before." And Hanson himself is disarmingly frank about his preferred business tactics— "there's so much more to be gained with honey, so much more."

An undoubted feature of the hostility of many boardrooms to any idea of partnership with Hanson is the widespread mistrust, already referred to, of the holding company's strategy for growth. Its most immediate implication for the top executives of target companies is that they cannot hope for a place on the Hanson Trust board as a consolation for being taken over.

Hanson castigates this attitude as a widespread weakness of British management, not found in the U.S. It has been a principle at Hanson Trust, since its early days, that divisional managers should remain with their subsidiary boards, leaving the holding board to be

An extraordinarily low turnover rate among executive staff

run by directors with specific holding company responsibilities.

Nothing in the company's record to date suggests that this principle needs revising. Indeed, a glowing tribute to its success is the extraordinarily low turnover rate amongst Hanson's executive staff at every level. The resulting continuity of management is the basis of Hanson's own professed confidence in his ability to avoid any eventual problem over his own succession.

It is not a problem likely to cause him any real worry for some time yet. All the clues to his successful record to date—his ability to pick the right associates, his powers of delegation, his ruthless and his persistent application of an effective management formula—pale beside the plain fact of the man's single minded obsession with his business: Hanson Trust without Hanson, is might be happy to admit, only slightly harder to envisage than Hanson without his company.

Men & Matters

City bound

Since Michael Ashcroft, aged 37, bought the ailing Hawley Group in 1972, he has set about creating the Hawley group, speculation about his business philosophy has occupied much newspaper. Such excursions as a stake in Miss World, a link-up with London cars, and an amusement machines business, have given him a racy image.

Now Ashcroft may be thinking about buying himself a bowler hat. His latest deal takes Hawley into stockbroking with a limited partnership in the five-partners Midlands brokers Fyfe, Horton, Finney and company and a 29.9 per cent share in profits.

Ashcroft sees it as opening a possible avenue for the sale of Hawley's corporate finance services. But he adds: "Nobody really knows how things are going to break in that market sector. And it will be easier to be on the course than on the sidelines."

Some of Ashcroft's investment money will go towards "securitising" the office of Fyfe, Horton, Finney, it is assumed that no time will be lost seeing through that expansion.

Why did Ashcroft look to Birmingham to secure a stockbroking interest to add another piece to the jigsaw of the financial services business he is trying to put together?

The Hawley side say they had the choice of starting a new broking firm, taking a stake in a big London firm, or buying into a smaller outfit with potential. They opted for the third course.



centred upon three main areas—security services, "anti-terrorism" maintenance, and home improvements—Ashcroft is keen that the group should be accorded more weight in the business world.

Two London stockbroking firms agree with him. They have forecast that Hawley's 1983 pre-tax profits will exceed £13m against £5.4m in 1982.

War of the words

Canadian Prime Minister Pierre Trudeau's efforts to reduce East-West tensions seem to be putting some strains on his relations with the U.S. government.

Though President Reagan has wished him "Godspeed" in his campaign, Trudeau's initiative has provoked sneers from Pentagon and State Department officials.

Lawrence Eagleburger, U.S.

Wardley's hand

Wardley London, the merchant bank known until last month as Antony Gibbs, seems to have spent more time shuffling than dealing in the three and a half years since it was taken over by Hongkong and Shanghai Banking Corporation.

This week Ewan Lauder, Wardley London's acting chief executive, announced that he plans to leave the Hongkong bank group altogether next March to start his own business. His successor will be the London unit's fourth chief executive in as many years, a period which has also seen the chairmanship change hands twice.

Lauder has completed the corporate surgery for which he was seconded to London in August from the chief executive's desk at Wardley Hongkong. He has hired and fired, bringing in a younger, more aggressive people—who, he says, have reduced the average staff age by 15 years.

He has taken Wardley London into new offices under a new name—"an important psychological change"—and overseen the channelling-in of £25m of new funds from the Hong Kong parent, raising Wardley London's capital base to £40m.

The result, says Lauder, is "virtually a completely new company." Profits this year are

likely to be down on last year's £3.5m, but expected to be sharply higher next year.

A head-butt is now on for Lauder's permanent successor. "Drive, character and a sense of humour," are Lauder's criteria, probably 40-ish, perhaps from outside the merchant banking mainstream, but probably not a Wall Street whiz-kid. "We can't afford them," he says.

Lauder's own decision to leave the group rather than return to home base is motivated, he says, by the many niches which he sees for an entrepreneurially-minded financier in the European financial markets.

It may also be, though Lauder politely ducks the question, that there are no more rungs left on the Hongkong bank's career ladder, with William Purves now heir-apparent to group chairman, Michael Sandberg.

John Bond takes over from Lauder as chief executive of Wardley Hongkong, inheriting a bank badly bruised by loans to companies, including Carrian, in the Hong Kong property boom-and-bust.

After my note last week about the Swiss restaurants which have introduced an element of danger into expense-account entertaining by logging the time taken over a meal and the intervals between drinks, I discover the insidious practice has reached London.

A colleague dining in the chic Bombay Brasserie found that his bill recorded that between 8.24 pm and 9.03 pm he had consumed two coffee and two drink (sic) and by 9.23 he had downed another two King-fisher (sic), an Indian beer.

He says he needed another stiff drink to get over the shock.

Short time

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FOREIGN AFFAIRS: ARMS CONTROL

The bravado is only skin deep

By Ian Davidson

IN THE past few weeks, Western government spokesmen have been putting the bravado face on the Euro-missile shambles. They are, of course, that no agreement emerged in the Geneva negotiations in Geneva, and earlier that the Russians have walked out of these negotiations. But the bottom line, they say, is that the Soviet propaganda effort so to frighten Western Europe that it would refuse the new U.S. weapons has suffered a humiliating defeat. In the absence of an East-West agreement, the missiles are being deployed on schedule. Nato has stood firm.

Such bravado is at best only skin deep. It is true that the peace movements have not prevented the arrival of the first cruise and Pershing II missiles, but there is no evidence that they have accepted defeat in principle. Complete deployment will be spread over five years, and the peace movements may have more success in the future than they have had so far, either to prevent further deployments or to hinder the routine training dispersals of the cruise missile convoys. The governments which have stood by Nato policy for the first deployments may still be in power when the last deployments come along in 1988; but then again they may not.

Until a few months ago, the conventional wisdom in Washington was that the Soviet Union would not start negotiating seriously until it was certain that the Nato deployments would go ahead. So long as the Russians hoped to scoop the pool by their propaganda pressure, they would see no point in real negotiations with the Americans. Therefore, negotiations could not be expected to start until December 1983.

This argument is no longer being rehearsed with much confidence. The Russians have walked out of the Euro-missile talks, and no one knows if they will return in a month, in a year, or ever. They have also adjourned the strategic nuclear weapons talks in Geneva, and refused to set a date for a new round of conversations in Vienna. There is the greatest uncertainty whether, in what form, and under what conditions, any of these negotiations will be resumed.

The Soviet walkout from the Euro-missile talks may have

been a major gaffe. Over the past year, the Russians have steadily reduced the number of SS-20 missiles that they would want to retain in Europe, from 162 to 120. Each of these offers was unacceptable, because in every case the counterpart demanded zero U.S. missile deployment. But if the Soviet Union had reduced its demands still further, to under 100 missiles, European pressure for an agreement might have become a lot stronger, even if it meant no U.S. deployments.

The trouble is that we have all been setting much too much store by these arms control negotiations. Even if they were to be successful, they would not necessarily solve any of our most serious problems; and with hindsight, there is a case for saying that each one of these three negotiations was likely to fail, even if it was not inexorably doomed to failure.

The failure of the conventional arms talks in Vienna and the Euro-missile talks in Geneva is most easily rationalised and for very similar reasons. In both cases, the Soviet Union started with a very substantial advantage on the ground; in both cases, an agreement enshrining equality would have required disproportionate reductions by the Soviet Union; in both cases, the Soviet Union blocked negotiations by denying the facts, claiming that forces in place were already equal.

The case of the Strategic Arms Reduction Talks (Sart) in Geneva is more intriguing, because it looked in principle as if these talks ought to have had a reasonable chance of success. There seems no doubt that Moscow was disappointed by Washington's last-minute rejection of the second Strategic Arms Limitation Treaty (SALT), in the wake of the Soviet decision to withdraw from the talks. It could have been expected to be interested in a resuscitation of the mutual control of strategic nuclear weapons.

Moreover, the perceptions of the two super powers appeared to have taken elements into account both on the starting point and on the finishing point of these negotiations. In contrast with the large inequalities of the Euro-missile and conventional forces, Washington and Moscow had previously agreed to negotiate on a broadly observing, the rough parity enshrined in the unratified



Peace demonstrators lobby Mr Yuri Kvititsky, Soviet representative at the Geneva Euro-missile talks

SALT II treaty. In addition, they were both talking about large reductions in their strategic nuclear forces.

But it is obvious that a large reduction in some category of military force is the most ambitious target an arms controller can aim at, and it is arguable that such an ambition would inevitably have proved incompatible, if not with the rigid ideological convictions of Moscow and Washington, at least with the frosty state of relations between them.

The difficulty with deep cuts is that they cannot be implemented instantly, because the two sides will, at any given moment, be at different phases of their modernisation cycle. In addition, the deep cuts proposed by the U.S., for a one-third reduction in the number of ballistic missile warheads, of which only half could be on land-based missiles, would have involved quite significant changes in the structure of the two arsenals, especially that of the Soviet Union.

Any deep cuts agreement, therefore, was bound to be phased over a long period, perhaps 10 years or more, to coincide with the modernisation cycle and to ease the strain of changing force structures. But such an arms control agreement

world, though it could well have an impact on the emotional appeal of the anti-nuclear movements, what killed off CND the first time round was the Limited Test Ban Treaty of 1968. But whatever the utility of arms control, it can only follow, not precede, the establishment of a reasonable level of dialogue between the super-powers.

Whether the establishment of such a dialogue is possible between now and the U.S. presidential election is a moot point. In recent weeks, Washington has toned down its denunciations of the Soviet Union, but there is no reason to suppose that Ronald Reagan has abandoned his deep and long-standing hostility. It is at least possible that the frost will continue until after the U.S. election.

The paradox is that the two super-powers may be unable to remedy the situation. The ill-begotten of Yuri Andropov and the prospect of another succession struggle must be seriously hampering the policy-making processes in Moscow. In any case, it is hard to see what Moscow could do which would be likely to have any effect on Ronald Reagan's basic attitudes.

The two super-powers have long had a lot in common—starting with their super power. In the past, Europe has been forced, and despite some tense moments has been able, to rely on the pragmatism of America to cobble together a mixture of firmness with subtlety in handling the destabilising ambitions of the Soviet regime. It has long been an American gibe that the Soviet Union's only dimension of strength has been its military power. But now, under Ronald Reagan, Washington has come to mirror the militarism and ideological rigidity of Moscow.

To suppose that Reagan's Washington will find a way out of the present crisis requires a heroic effort of optimism, and it is perhaps an effort we should not repose any faith in. It is all the more striking, therefore, that the recent Nato meeting issued a strongly conciliatory declaration underlining its desire for détente and cooperation. That has long been the aspiration of most West European countries; and if anything can be done to improve the international climate, the odds are that it can only be done by the concerted efforts of the Europeans.

Unemployment in Britain

'God save us if we just stand back'

By Ian Hamilton Fazey in Liverpool

AN ANGUISHED look comes into the eyes of Archbishop Derek Worlock as he sits in his study not far from the huge modern Catholic cathedral in Liverpool.

"People in my home county of Hampshire complain about my 'obsession' with the unemployed. But down there you have really got to go and search to find people who have been without jobs for a long time. Up here, you can't go anywhere without falling over them," he says.

Like the Bishop of Liverpool, David Sheppard—his opposite number in the Church of England and who is to give next year's BBC Dimpleby lecture on poverty and unemployment in Britain—Archbishop Worlock is hoping that Christmas may make the political, economic, financial and corporate decision-makers of Britain at least think again about what life is like for the unemployed.

The Bishop's fear, however, that this may well require too great a leap of imagination for many in the South, South East and the City of London.

"In the well-off parts of the country there is a total failure to understand the situation in the North East. Because unemployment is so different elsewhere there is little appreciation of its effects, of the sense of hopelessness that comes to a community when it is so widespread and long-term," says Archbishop Worlock.

"We have many parishes where a third of the men I see on a Sunday have not had a job for several years. It's desperately demoralising and it could destroy the hope of the young. The youth training scheme may provide a launching pad, but it's what comes afterwards—and what they see has happened to their fathers—that really saps the spirit."

Bishop Sheppard sees it as inevitable that many of Britain's decision-makers cannot imagine how bad things are for many of his flock. He says: "When you look at some of our leaders, at big investors and the people who operate the money market, I find myself asking who do they talk to except people from a

similar background and experience?

"When I was Bishop of Woolwich, part of my patch was East Surrey down to the Sussex border. I was very well aware that people who lived in those beautiful villages would travel up to work on the train with people they went to school with, and just talk about the affairs of the country with other people with the same limited experience."

"They need to accept that other people may have a set of values quite different from theirs. They may value family and community life more highly than the decision-makers who believe in the mobility of labour and who live in careers, not places."

"Not moving South to find work is often not a question of lack of intelligence or ability, but of values."

In fact, there is a net migration from the North West, Merseyside, for instance, is

reduced is not a narrow subject on which economists alone are competent to have opinions," says Bishop Sheppard. "Value judgments have to be made about the effects of different policies. It seems to me to be a proper question to press and press again as to what should a responsible country do."

It is unrealistic to expect either Bishop not to take sides in the unemployment debate, though they stress they have never acted in a purely party political sense. Bishop Sheppard is chairman of the area Manpower Services Commission, and his strong views are partly the result of what he has learned in this position: Archbishop Worlock notes ironically that he is the son of a Conservative Party agent.

Bishop Sheppard strongly rejects the idea that enlightened self-interest and enlightened capital will sort matters out.

In the most recent closure case on Merseyside, United Biscuits displayed a social conscience and the work force was co-operative. But despite all that, management had to act in the company's long term interests, and reduce over-capacity by closing the Liverpool factory four weeks ago.

"One is bound to ask," says Bishop Sheppard, "whether individual companies actually have the ability to make this kind of decision. I believe that governments could—and should—intervene much more than this one is prepared to do."

"That does mean holding back companies from developing in more favoured areas until they are developing where the needs are greatest. If I am wrong, then I throw back a very hard challenge to the free market. Where are the investors? Where is responsible investment? What are the pensions funds doing? Are they just making the largest amounts of money wherever they can?"

Archbishop Worlock says: "If the nation as a whole sees one part of the country suffering from the results of market movements and technological revolution, there is a moral obligation to direct new development into the areas that are most damaged."

Letters to the Editor

Amounts of foreign material on UK cable TV

From the Chairman,
British Cable Programmes

Sir—Your report (December 20) of the demand by Lord Hill and a number of Labour peers that there should be a fixed percentage limit on the amount of foreign material to be permitted on UK cable TV indicates that they have not, perhaps, fully grasped the determining factors in financial success of cable TV.

If the operators who have in various ways to try to fill between 15 and 24 additional channels, have to pay an average price of more than 25p per hour for bought-in material, they will find it very hard to survive financially.

British programme makers,

strange as it may seem, are eager to compete within such a context without the protection of a specific foreign content quota. In order to supply cable operators at a price they can afford, we in turn have to be able to produce our programmes at an average price of approximately £5,000 per hour of original material. The trades unions involved have been encouragingly swift to recognise that this means in all probability rates paid to their members which are not as high as those paid in broadcast TV with its much larger audiences. In a competitive climate where cable operators are free to purchase material abroad, particularly in the early years of cable, such a common sense

attitude is likely to prevail. I know of no British cable programme maker who would not cease his activities at once if broadcast levels of payment were to be imposed through a quota on the cable industry.

I believe, for example, that the fact that British Cable Programmes Arts Channel has already been included in the schedules of a number of the new franchise holders and is being negotiated with all of them, is an indication that the cable operators are more than willing both to include British material wherever possible, and to offer to minorities programmes of intrinsic merit.

John C. Griffiths,
41 Whitehall, SW1.

Causes for complaint

From Mr A. Sibley

Sir—What disgusts me almost as much as the Harrods outrage is this argument "of course you must remember that the Irish had a raw deal."

Maybe they have, but the world is full of people who have great and genuine causes for complaint (not to mention those with imaginary grudges). If everyone with a grievance gave vent to it in IRA style there would be a bomb not just outside Harrods, but in every street. What excuse can nationalists offer for their habit of setting record lows in standards of behaviour?

Angus Sibley,
142, Chatterworth Court,
Pembroke Road, W8.

Attitudes to pensions

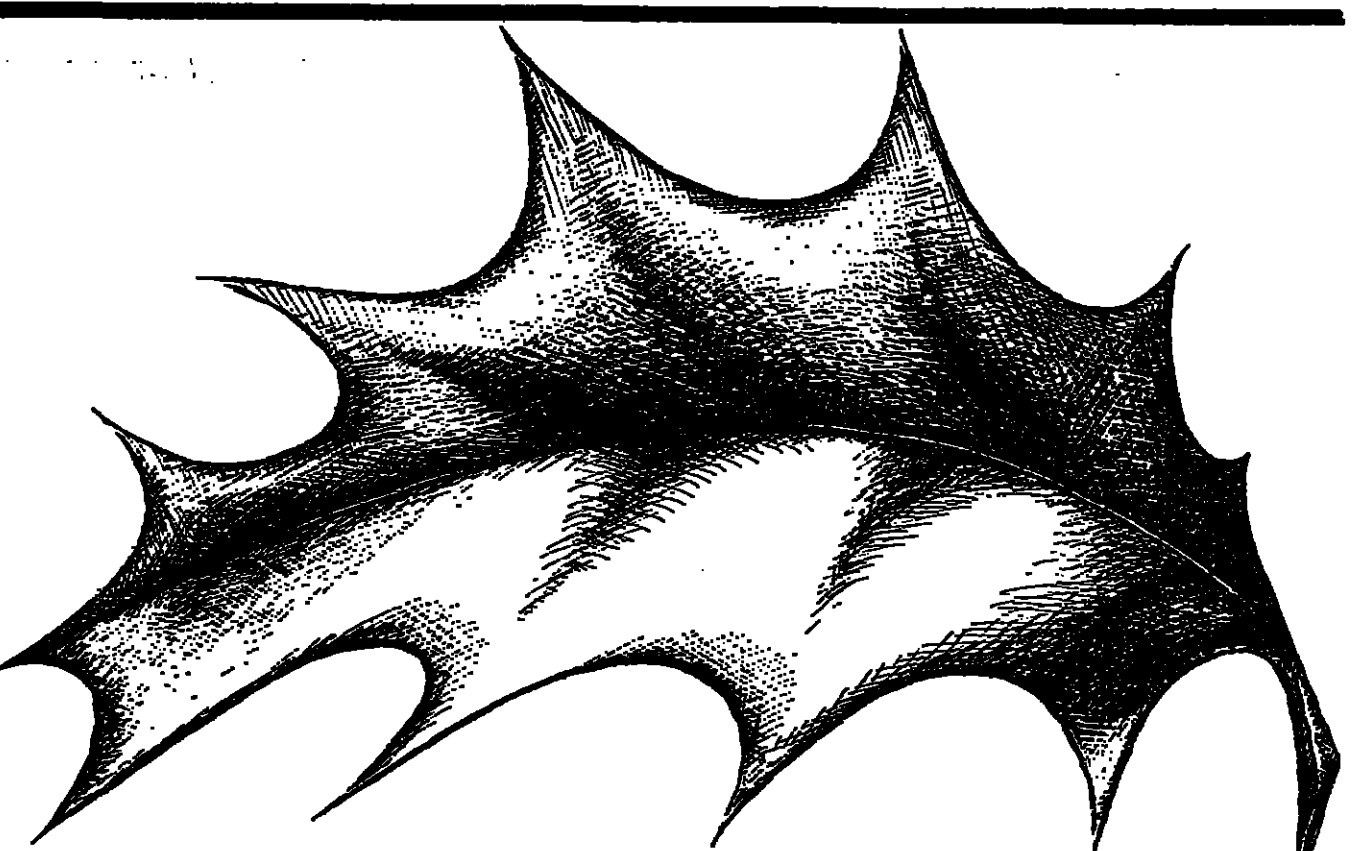
From Mr T. Shucksmith.

Sir—Mr Watts (December 10, 1983) lucidly explains his company's attitude as an employer to pension contributions designed to benefit employees who stay to retirement and not early leavers. On what basis does his company claim corporation tax relief on the company's contributions? He claims as an expense of management, because the members' prospective rights under the pension scheme are part of the consideration for their labour. Can it be denied that they represent deferred pay? Perhaps, however, he claims stock relief on stocks of human labour!

The general body of taxpayers in allowing tax relief on the companies' contributions effectively supplements the net cost to most companies by about 100 per cent. Is it not reasonable that all tax payers should have a say through the political mechanism in the conditions appropriate to this measure of support?

I do, however, feel that Mr Watts should be allowed to pursue his capitalistic principles on the basis of no corporate or trust tax relief until relevant benefits are granted. If one pays tax, it is one's own money and one should be able to spend it or accumulate it as one wishes.

T. S. Shucksmith,
3 Quarry Hill Park,
Gatton Road, Reigate,
Surrey.



FOR THE SHARPEST COMMENT OVER CHRISTMAS.

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Double Christmas Issue.

The 'phone-in' programmes

From Mr N. Tomalin

Sir—Mr B. A. Young has only scratched the surface of the "phone-in" in his article of December 17. In addition to the programme he discusses we have "You and Your" at mid-day five days a week encouraging listeners to telephone their comments. Also "Tuesday Call" on Tuesday mornings, when listeners are invited to hear vague answers to fatuous questions.

I am convinced that all this "phoning in" is a result of collusion between the BBC and ITV. The former gets programme material (of a sort) free of charge while the latter derives revenue from calls (long distance) made at peak hours.

N. A. Tomalin,
Highfield,
Gusage All Saints,
Wimborne,
Dorset.

Reform of the London Stock Exchange

From the Research Partner,
Heseltine Moss and Co.

Sir—I read with interest John Pender's article (December 21) on the risk of being too radical in the reform of the London Stock Exchange. He makes some very relevant points, particularly with regard to the disasters that were caused by competition and credit control policies in 1974. It is refreshing that someone is prepared to risk

being labelled a reactionary when counselling a degree of caution in the current enthusiasm for change.

The real reform needed in the London Stock Exchange is the redressing of the balance of power between the institutions and the private client. It is well known that institutions now own over 75 per cent of all equities and this total is rising all the time. The abolition of fixed commissions will be yet another nail in the coffin of the private investor as his costs of dealing will rise while the institutions will succeed in negotiating much lower rates.

These are a few of the advantages that institutions enjoy over private clients: (i) life assurance companies can offer generous tax relief to savers investing in the market via them, while direct investors get none. Why? (ii) overseas institutions pay a per cent stamp duty while UK private clients pay 2 per cent stamp duty. Why? (iii) UK institutions can escape stamp duty altogether by dealing in ADRs (such as ICI or Glaxo) in New York. Why? (iv) UK institutions can switch holdings within their portfolios without attracting capital gains tax, whereas every time any individual switches he is liable for tax. Why?

I would suggest that the reason for these discriminations is that successive governments have found it distasteful to allow individuals to make money via the stock market. They prefer institutions to do so, regarding them as "savers." Ironically this has led to the polarisation of investment power in the hands of 200 major institutions, with very damag-

ing consequences—the fiasco of dawn raids and control of whole companies being traded in a few hours. Note also the one-way nature of markets as most institutions tend to take a similar view, which can be very dangerous—as in 1974.

I would suggest that the other important reform necessary is simplicity. In my experience private individuals are deterred from investing by the plethora of rules, in particular the intricacies of capital gains tax indexation, the complications of the business expansion scheme—which again unfortunately is being polarised into approved funds, and the scandal of 2 per cent stamp duty. They accordingly choose the simpler options of unit trusts or life policies in many cases.

M. A. Ingram,
Lawrence House,
3-4, Trump Street, EC3.

Thinking on his feet

From the General Secretary,
Musicians' Union.

Sir—In his otherwise clear and fair summary (December 15) of our discussion on the NGA issue, John Lloyd refers to my "desertion of the left posture." I try not to posture to either side since it is easier to think clearly if you stand upright. In that position I can see the need to support the NGA to the fullest practicable extent.

John Morton,
60-62, Clapham Road, SW9.

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FINANCIAL TIMES

Friday December 23 1983

BELL'S
SCOTCH WHISKY
BELL'S

U.S. steel town looks forward to a modest recovery

Star of hope shines over Bethlehem

BY NANCY DUNNE IN BETHLEHEM, PENNSYLVANIA

ON CLEAR December evenings, the gigantic Plexiglass star on the top of South Mountain is visible for 20 miles across the Lehigh Valley in Pennsylvania. When Bethlehem, which lies below, is blanketed with snow, the whole town shimmers in the reflected glow of the star, along with the white lights on 800 Christmas trees in the streets and the white candles in almost every window.

While the vista lacks shepherds and their flocks, the scene is still picture-postcard perfect. With its renovated Victorian main street and turn-of-the-century terraced houses, Bethlehem is clean and charming, a draw for thousands of tourists at Christmas time.

The star of hope holds special significance this year. For although it is so pretty, Bethlehem is basically a steel town. Bethlehem Steel, the nation's second largest producer, has works that run for 4½ miles along the edge of the town. Last December the town was deeply depressed, the unthinkable occurred, and the steelworks, which once directly or indirectly employed almost everyone in the town, closed for 10 days.

"Christmas was dismal," remembers Mr William Hutchinson, assis-

tant superintendent of the plant's basic oxygen furnace. December's production dropped to 67,000 tonnes, half that of the company's worst previous month, 11 years before. It was a fitting conclusion to one of the most trying years in Bethlehem's history. Shipments were the lowest for over 35 years: the company sustained a \$400m operating loss and incurred a \$10m charge against income for restructuring operations.

To compete with the lower prices of foreign producers, the Bethlehem plant has been modernised and computerised. The crews move like spectres through the din on the charging floor, dwarfed by the basic oxygen furnace. The work is highly technical, but it calls for physical endurance. The cavernous plant is hot in summer and cold in winter.

Mr Hutchinson says he spends much of his time "stargazing... trying to figure how to make the best quality steel at the lowest possible price." He is convinced that his Japanese competitors are dumping steel in the U.S. at bargain prices.

Although Bethlehem Steel has drastically cut its workforce - 10,000 are employed and about 2,500

are on temporary layoff - the town's unemployment level has actually dropped to about 13.5 per cent, according to the mayor's office, because the town's other industries have been taking on workers.

Steel's comeback is just beginning. "We are calling pockets of people back," says Mr Hutchinson. Christmas looked brighter for the people last week who were called back, some for training related to new computer systems.

City officials acknowledge that steel will never be what it was in their town of 70,000, but the area has been diversifying for years to mitigate the effects of cyclical steel downturns. Lehigh Valley, with its highly trained workforce, has been able to attract producers of industrial equipment, electronic components, textiles, chemical and mineral processing equipment and food.

The thousands of unemployed people who once worked in steel and related industries are tending to take over the minimum-wage or entry-level jobs traditionally held by the city's working poor. The poor themselves are forced to rely for survival on crime, soup kitchen food and dossing down under bridges and in abandoned houses.

About 10 per cent of Bethlehem's

people, many of them Puerto Ricans drawn to the town to work in the textile industry, are living in real poverty, according to Mrs Susan Cox, a community worker. In four public housing developments in the north-east section of the town, hundreds of men are living illegally, she says.

The authorities have resisted establishing temporary shelters because they are afraid of attracting rowdy outsiders. Several volunteer agencies supply free groceries to the needy, and Mrs Cox says the number of people fed lunches at two soup kitchens she runs has "mushroomed" to about 240 every day.

It will be a bleak Christmas for "the Chief," a Cherokee Indian who spent 37 years as an iron worker and who has been unemployed for five weeks. Reminiscing at a local tavern, he praised the people of Bethlehem for "learning to live without steel."

It used to be that if you did not work for Bethlehem Steel you had no real job. "You were delivering groceries," he said. The Chief, a company employee, said of pessimism about 1984: "I do not think this economy will ever improve as long as there is a Republican Presi-

dent in there," he said, asserting that 90 per cent of the valley would vote against Mr Reagan.

The working people of the valley stuck together, he said. They take collections for those who have lost their homes through foreclosure on mortgages and provide for them until they get into public housing. "I am 80 years old, and I have worked and travelled from Maine to Florida. I settled here because I believed in the people; they are good people."

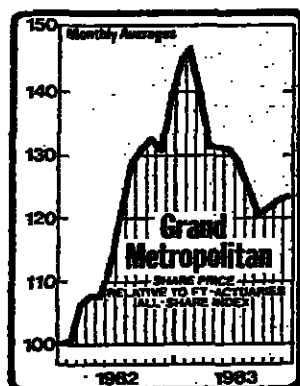
Christmas 1983 is looking brighter for Bethlehem after closing or selling a number of operations and reducing production capacity by 20 per cent. The steelworks is expecting a slight improvement this year and modest recovery in 1984.

Optimism has filtered into the town, where retail sales are brisk, and officials are hoping to reap a modest return from tourism. More than 350 chartered buses are expected for Christmas and the elegantly renovated Hotel Bethlehem, a subsidiary of the steel company, is housing 3,000 tourists this month, up from 800 last December.

But for all the optimism and the signs of recovery nationally in the U.S., the start of hope is still shining very unevenly on the people of Bethlehem.

THE LEX COLUMN

American pie for Grand Met



Yesterday's excellent November UK current account statistics helped the gilt-edged market to digest its last working lunch before Christmas. Even allowing for erratic items and what may prove an over-optimistic oil account, the figures looked markedly better than October's. On Wall Street, meanwhile, the 'flash' fourth-quarter GNP rise was surprisingly low, demand for durable goods has flattened out and the recent inflation figures look as if they have been culled from the records of the Swiss statistical office.

Grand Metropolitan

The cosmopolitan drift in Grand Metropolitan's affairs grows apace. While all the major UK divisions have been labouring under refurbishment and reorganisation costs on every side, overseas operations and particularly those in the U.S. have enjoyed a six-month performance to September which is surely fit to vindicate even the most optimistic of Grand Met's foreign growth strategists.

The U.S. and other international businesses have chipped in 36 per cent of the £407m trading profits for the year to September, on the basis of a 45 per cent contribution to sales. This, with related exchange gains from a stronger dollar, has provided for much of the jump in pre-tax profits from £230.2m to £295.2m.

Heading the list of foreign credits is still Liggett, with its dramatically expanding share of the U.S. cigarette market. Volume sales of its generic products have made a quantum leap and dollar trading profits have climbed 31 per cent. Liggett's results as reported have also been the main beneficiary of the dollar's strength, picking up about £14m to add to the underlying improvement of nearly £20m.

The group's disposal of its London hotels during 1983 has assuredly not impeded Grand Met's enjoyment of the hot summer. International hotel profits in the second half have reached £20.9m, up £3.4m. This still leaves the real benefits of the Intercontinental chain's integration to come.

Meanwhile, back in the UK, Grand Met has its head down busily preparing for a brighter future. This has probably produced exceptional costs of more than £5m in consumer services alone for the refurbishment of managed pubs and the Chef and Brewer outlets. The

food division has had its own start-up costs on new plant, the need for which is, if anything, even more painfully apparent.

This has all added to the size of Grand Met's cash outflow, probably pushing it well over £100m and adding slightly to the 1982 net debt: equity ratio of 57 per cent. The shares closed down 7p at 335p.

Smith Bros.

Smith Brothers has rushed out its half-year accounts a month earlier than usual in order to help shareholders understand the merits of its intended liaison with N. M. Rothschild. The rather patchy nature of the figures certainly underlines the usefulness of a broader base in the new age of securities dealing.

Although Smith's £800,000 pre-tax profit is virtually the same as in the six months to October a year ago, it has clearly been earned in rather different places. Agora, a New York dealing associate, has tumbled into the red, while jobbing in London was still getting the benefit of higher gold-share prices. But the bull-market turnover in which Smith prospered during the second half last year, was definitely over.

Courtaulds/Int'l Paint

Once Courtaulds had made up its mind to buy out the minority in International Paint (IP) there was clearly no point in being half-hearted. The apparent leakage of information on Monday nevertheless appears to have pulled the negotiating procedure - and brought out more generous terms than Courtaulds probably had in mind to start with.

The offer of five Courtaulds shares for three in IP works out at 210p a share, a 40 per cent premium

on the price at the beginning of the week, valuing the 12 per cent minority in IP at £18.9m. The absence of a cash alternative will also have helped to jack up the value of the equity offer. With a 75 per cent acceptance needed before the proposed scheme of arrangement can be put through, an all-paper bid could not be allowed to appear stingy.

IP has had a disappointing first half, by its generally distinguished standards, and might be pushed to make more than £20m this year. That suggests a multiple of a little over 10 on last year's tax rate, probably enough to push the minority holders through the exit.

Tax panto

And now for a traditional British pantomime involving those favourite stock characters, the pension funds, the Inland Revenue, and the two ugly sisters, the traded options and financial future markets.

Last week the Inland Revenue unveiled a draft clause exempting pension funds from paying income (or corporation) tax on their dealings in financial futures instruments. Naturally the traded options market has been swift to jump on the bandwagon to demand similar treatment.

It does, after all, seem ludicrous that pension funds should be attracted to one market through tax exemptions and discouraged from using another, which has broadly similar characteristics, by harsher tax treatment.

But in tax matters the plot is never straightforward. As drafted, the future clause exempts gross funds only from paying income tax. A determined tax inspector might try to make a capital gains tax charge stick. Furthermore, the clause leaves the option market's claim for parity of treatment high and dry. For options are already being assessed to capital gains tax. So an income tax exemption would be irrelevant.

The result is a most satisfying three-cornered, custard pie battle. Most net investors have been allowed to see their futures profits taxed as capital gains. Now the pension funds will be running round claiming their profits in the market are liable to income tax - since they have a specific exemption for this. Meanwhile, the options market is belly-aching for a capital gains tax exemption for pension funds in their market. This one will run and run.

U.S. Steel to consider extensive restructuring

BY PAUL TAYLOR IN NEW YORK

THE BOARD of U.S. Steel, the largest U.S. steelmaker, will meet on Tuesday to consider, and probably vote on, a radical restructuring plan that might involve a heavy cut in its basic steelmaking capacity.

The plant closures are designed to streamline operations, cut unprofitable product lines and meet the target of returning to profitability next year. Five plants might be affected. Such a move would cut the group's basic steelmaking capacity by about a third, or 10m tonnes, and result in the loss of another 5,000 steel-industry jobs.

The restructuring might also result in the steel group's taking a \$1bn-plus fourth-quarter charge - one of the largest ever in the troubled U.S. steel industry.

U.S. Steel confirmed yesterday that the agenda for next week's

board meeting would include a plan involving a significant restructuring of its steel operations, but it emphasised that no decisions had yet been made on possible plant closures.

There has been widespread speculation about which plants could be closed as part of U.S. Steel's "get tough" strategy, under the direction of the steelmakers' new steel operations chief, Mr Thomas Graham.

U.S. Steel has already demanded another round of wage and other concessions from United Steel Workers Union members at five plants employing 4,700 people.

Last week the union, fearing that further concessions might provoke another downward spiral in wage rates, rejected the concept, but agreed to continue local-plant negotiations.

U.S. Steel, which managed a small \$52m profit in the third quarter because of its Marathon Oil subsidiary, has posted operating losses in its domestic steel operations totalling \$1.35bn over the past seven quarters.

In a bid to stem the steel losses, the group, considered by Wall Street to be among the slowest domestic steel companies to trim costs and improve efficiency, is thought to be determined to phase out less profitable product lines and concentrate on three main areas where it believes it can compete with lower-cost producers.

Those are sheet steel used in the car industry, steel pipe for the energy sector and heavy plate and beams for construction.

By trimming capacity, U.S. steel would be aiming to cut its break-

even point to about 50 per cent, down from around 70 per cent in the latest quarter.

In the third quarter, U.S. Steel used only about 48 per cent of its capacity and lost around \$64 on every ton of steel it made, according to Wall Street analysts.

The radical cuts will be necessary if U.S. Steel, as Mr David Roderick, its chairman, has promised is to be profitable in its basic steel business in 1984 for the first time in two years.

Although union concessions at some plants might avert some closures the prospects for such concessions appear to be dimming.

U.S. Steel confirmed yesterday that negotiations at the five plants where it had specifically asked for concessions were continuing. The company also confirmed that Mr

Roderick's objective was to make the steel operations profitable next year.

U.S. Steel declined to speculate on the size of any write-off that might result from Tuesday's board meeting.

The five plants immediately threatened with closure are two big steelmaking works, South Works in Chicago, Fairfield Works in Birmingham, Alabama; a finishing plant in Cleveland; and two fabricating plants in Johnstown, Pittsburgh, and Trenton, New Jersey.

In all cases the local steelworkers have rejected the request for further concessions, despite a specific U.S. Steel closure threat. Industry analysts also believe other U.S. Steel operations may be closed if the restructuring plan is approved on Tuesday.

U.S. cuts jobless forecast

By Reginald Dale, U.S. Editor, in Washington

THE REAGAN Administration has substantially revised downwards its expectation of U.S. unemployment in 1984, as a result of an unexpectedly sharp fall in the jobless rate in recent months, officials said yesterday.

The unemployment rate, one of the most politically sensitive of all U.S. economic indicators, is now projected at 7.8 per cent during the presidential election year, against a previous forecast of 8.9 per cent and the latest civilian rate of 8.4 per cent.

The new jobless figure was among statistics released yesterday as the Administration temporarily suspended work on its fiscal 1985 budget, due to be presented to Congress in January. By 1985, the Administration said, it forecasts unemployment at 6.1 per cent, marginally below its original forecast.

The economic assumptions were prepared by Mr Martin Feldstein, the chairman of Mr Reagan's Council of Economic Advisers; Mr Donald Regan, the Treasury Secretary; and Mr David Stockman, the Budget Director.

As previously reported, they put growth in gross national product at 4.5 per cent between the fourth quarter of 1983 and the same period next year. The broad index of inflation was put at 5 per cent for the same period, against a preliminary estimate of 4 per cent for the current quarter.

UK unemployment, Page 7

WITHDRAWAL IF NO GOVERNMENT CASH

Bae gives Airbus aid warning

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

BRITISH AEROSPACE (BAe) will be obliged to withdraw from the proposed European A-320, 150-seat Airbus project if it does not get the full £437m (£802m) in launching aid it is seeking from the UK Government.

That was emphasised yesterday by Sir Austin Pearce, Bae chairman, who also made clear that while the company had studied possible alternative sources of cash, such as borrowing in the City of London, it did not regard those as feasible propositions.

BAe had already invested so much in other civil and military aircraft, missile and space programmes that it would not be able to pay the interest on City loans of

up to £437m for the A-320. That left launch aid as the only viable option, and without that aid, "we do not believe we would be able to take part in the A-320."

A government decision on launch aid is expected early next year.

Sir Austin, speaking at a press briefing in London, said the total UK share of the A-320 would amount to about £37m. That would cover about 20 per cent of the total investment in the A-320 (the rest coming from the other West German, French and Spanish partners), but would result in BAe, which builds wings for existing, larger Airbus models, getting 26 per cent of the work.

Of that sum, about £37m, would be needed to cover design, development and jiggling and tooling costs for the aircraft, with the other £200m covering initial production costs. The £200m would be found out of BAe's own resources, but the £37m would have to come from the Government in launching aid, in the form of a deferred, interest-bearing loan. Repayment of any such loan would start in 1991, being completed by 1997.

"Our problem is that because we have allocated resources for the development of the products we have in other sections of the company we cannot also fund the resources for the A-320 at the present time," Sir Austin said.

New licence starts UK airport row

BY OUR AEROSPACE CORRESPONDENT IN LONDON

A SERIOUS aviation dispute has broken out after the UK Civil Aviation Authority (CAA) decision to grant the independent British Midland Airways rights to fly between Manchester, Glasgow, Aberdeen and New York from April 1 1985.

The decision, announced yesterday, has far-reaching implications for civil aviation development in Scotland and for the British Government's airports policy. It might eventually mean the end of Prestwick, also in Scotland, as a transatlantic airport, with other airlines, such as Air Canada, moving to Abbotstown.

Mr Norman Payne, chairman of the British Airports Authority

(BAA), which owns Prestwick and Abbotstown, and which fought the British Midland plan, described the CAA's decision as "a Christmas bombshell for the 800 workers at Prestwick." He promised to appeal against it.

Mr Payne said that by giving British Midland the Glasgow-New York route, the CAA had agreed "that existing airlines serving Prestwick would inevitably transfer to Glasgow, that £25m (£55.5m) of investment at Prestwick would be wasted and that a further £10m would be needed to upgrade Glasgow's existing facilities."

The CAA, however, argued strongly that its decision reflected

the facts of the current situation, with fewer passengers wanting to use Prestwick and more wanting to use Glasgow because of its greater convenience.

Traffic at Prestwick has been falling in recent years. In the year to end-October, Prestwick handled only 247,600 passengers, a decline of 5.1 per cent over the previous year.

Although BMA now has rights between Manchester, Glasgow and New York, it still may not fly non-stop from Manchester to New York. The state-owned British Airways holds the licence for that route, although it does not use it.

A public hearing is expected soon when British Midland will apply to take over the licence.

UK delays Nigerian trade cover

By Quentin Peel, Africa Editor, in London

BRITAIN'S Export Credits Guarantee Department (ECGD) is to cut its new commitments in Nigeria by delaying processing applications for insurance cover while negotiations to refinance the country's estimated \$3bn to \$5bn arrears on trade payments take place.

The department will also refuse any new medium-term cover for capital projects pending discussions on the Nigerian Government's spending priorities.

The announcement was made yesterday after high-level talks between British and Nigerian officials in London, the first step in an important exercise to reschedule or refinance the payments backlog.

The ECGD confirmed that Nigeria had requested it to guarantee a big six-year loan to repay the arrears on insured exports accumulated over the past three years after a sharp decline in the country's oil exports.

However, the ECGD insists that any agreement on refinancing should be multilateral - involving all the relevant export credit agencies - and that it should depend on progress being made in Nigeria's negotiations with the International Monetary Fund for a \$2bn extended loan.

Mubarak and Arafat meet

Continued from Page 1

described him as a traitor and a U.S. lackey.

His action was denounced as a total violation of the resolutions approved by the Palestine National Council, which had forbidden contact with Egypt until it had renounced the Camp David agreements signed with Israel.

There was no immediate indication from Cairo whether the talks between the two leaders had produced significant areas of agreement.

Mr Arafat would only say that the meeting would help "the unity of the Arabs." He told Mr Mubarak that he hoped they could one day both pray together in the al-Aqsa mosque in Jerusalem.

World Weather

Area	Temp	Wind	Cloud	Temp	Wind	Cloud	Temp	Wind	Cloud
Amsterdam	14	57	10	13	55	10	12	58	10
Antwerp	14	57	10	13	55	10	12	58	10
Birmingham	14	57	10	13	55	10	12	58	10
Bombay	28	80	10	27	80	10	26	78	10
Buenos Aires	14	57	10	13	55	10	12	58	10
Calcutta	28	80	10	27	80	10	26	78	10
Canton	28	80	10	27	80	10	26	78	10
Cebu	28	80	10	27	80	10	26	78	10
Colon	28	80	10	27	80	10	26	78	10
Hankow	28	80	10	27	80	10	26	78	10
Hong Kong	28	80	10	27	80	10	26	78	10
Kobe	14	57	10	13	55	10	12	58	10
London	14	57	10	13	55	10	12	58	10
Lyons	14	57	10	13	55	10	12	58	10
Manila	28	80	10	27	80	10	26	78	10
Medan	28	80	10	27	80	10	26	78	10
Osaka	14	57	10	13	55	10	12	58	10
Paris	14	57	10	13	55	10	12	58	10
Perth	14	57	10	13	55	10	12	58	10
Rangoon	28	80	10	27	80	10	26	78	10
San Francisco	14	57	10	13	55	10	12	58	10
Singapore	28	80	10	27	80	10	26	78	10
Sourabaya	28	80	10	27	80	10	26	78	10
Tokyo	14	57	10	13	55	10	12	58	10
Yokohama	14	57	10	13	55	10	12	58	10

'No cash' for Managua

BY OUR U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan's special Kissinger commission on Central America will exclude Nicaragua from its proposals for a multi-billion dollar programme of economic aid for the region, the Washington Post reported yesterday.

The reason was said to be partly because of fears that economic aid would free other funds for further military spending by the Sandinista government and partly because commission members were treated "shabbily" during a recent visit to Managua.

A commission spokesman would not comment on the report, saying only that its work had not yet been completed. The Commission is to present its findings on January 10.

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday December 23 1983

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Chase Manhattan takeover opens up Dutch bank sector

BY DAVID LASCELLES IN LONDON

CHASE MANHATTAN'S \$43m bid for the two thirds or so of Nederlandse Credietbank (NCB) that it does not own should tidy up a relationship that has been messy and not particularly fruitful for either party. But it also marks a significant shift in the policy of the Dutch central bank towards allowing greater foreign ownership of the Netherlands banking industry.

NCB, which has assets of £1.5bn (\$4.8bn), ranks number five in Holland. Chase started building up an investment in the Dutch bank in the late 1960s as part of its efforts to forge stronger links with Europe. But when the stake reached 31.5 per cent in 1978, the central bank made it clear that was enough. As a result, Chase was left with a sizeable investment but little or no control.

After that, NCB was dogged by speculation about its future, not helped by the fact that another sizeable shareholder, the Thyssen-Bornemisza industrial group, made no secret of the fact that it wanted to dispose of its 27.5 per cent holding.

NCB was not a sparkling performer either. Profits slumped several years in a row, hitting £1.5m last year compared with a peak of £12.8m in 1979. Loan problems were partly to blame. But so was management. And a major plan had to be put together to pare the branch network back from 115 to 75 and push the bank more into the wholesale business.

Earlier this year the central bank indicated to Chase that it was softening its line on foreign ownership. Chase promptly went to Thyssen-Bornemisza and, after some haggling, agreed to buy it out at £1.40 a share.

The price represents a sizeable 23 per cent premium over NCB's recent trading price of £1.32. But Chase has good reason to want it to succeed.

Mr Robert Hunter, the executive vice-president in charge of Europe, said Chase has a policy of seeking whole or majority interests in subsidiaries. Over the last four years, he said last night, Chase had established 100 per cent ownership of previously part-owned banks in Austria, Belgium, Ireland and the Channel Islands.

Chase was involved in drawing up the new NCB strategic plan which Mr Hunter says should be complete by 1986. Profits are improving and NCB earned £1.63m in the first half of the year, an increase of 10 per cent on the same period last year.

Dutch banks are allowed to keep hidden reserves, so the published accounts do not tell the full story. But Mr Hunter said Chase had been privy to NCB's complete financials for several years.

Although Chase has pledged to keep existing management, tighter control is clearly its aim.

"We will integrate NCB more closely with our worldwide operations," said Mr Hunter. Ironically, Chase probably has better relations with big Dutch multinationals like Philips and Akzo than NCB, so it will try to channel some of the domestic Dutch business that flows from these contacts into NCB's direction.

Chase Manhattan, the third largest U.S. banking group, has agreed to acquire Lincoln First Bank, a multi-bank holding company with branches throughout Upper New York State, for \$308m in cash and paper.

The planned acquisition marks a large regional expansion for the New York-based money-centre bank and will provide it with a strong foothold in the expanding banking markets in upper New York State.

Lincoln First, which has its head office in Rochester, has branches in 77 communities including Westchester, White Plains, Syracuse, Binghamton and Jamestown.

Maserati drives back into the fast lane

BY JAMES BUXTON, RECENTLY IN MODENA

THE YARD of the Maserati works in Modena on a freezing December morning does not seem a very glamorous ambience for the launch of a high-performance luxury car with one of the most exciting names in motoring history.

Yet there was the sumptuous new four door version of the Maserati Biturbo, a 2,500cc twin-supercharged saloon, capable, it is said, of over 215 km per hour and accelerating from 0 to 100km an hour in 6.9 seconds. There, too, was its creator, Sig Alejandro de Tomaso, playing like a schoolboy with the electric windows and the radio - which at a touch of a button disappeared behind a blank wall in the dashboard, a useful facility in a land of car radio thieves.

Sig de Tomaso had every reason to look pleased. The Maserati Biturbo, the first two door version of which was launched in December 1981, has dramatically transformed the fortunes of the company which was almost given up for dead in the mid-1970s when its previous owner, Citroen, put it into liquidation. In the first 11 months of this year sales have reached £1.01bn (\$60m), exactly twice those for the whole of 1982 and 20 times the miserable £51m achieved in 1978. Last year Maserati made its first profit in recent years - a modest £82m - but more is expected for this year. Sales next year, says Sig de Tomaso, could be as high as £1.7bn.

The new Biturbo 425 will cost about £35.5m ex-works when it goes on sale in the spring. The basic two-door version costs about £26.5m, but already 4400 Biturbos have been sold this year, enough to give Maserati about 12 per cent of the Italian market for fast, luxury cars in which it competes with imported BMWs, Saabs, Jaguars and Mercedes. Exports to West Germany, Austria, Switzerland and the U.S. are now getting underway.

The orders we have got are extraordinary," says Sig de Tomaso. Maserati is also one of the few examples in Italian industry of Government financial aid actually bringing about a turnaround rather than just prolonging a moldering existence. Sig de Tomaso, who is a fiery and engaging Italo-Argentine, only owns 18.7 per cent of it; the rest is held by Gepi, a state company set up in 1971 specifically to rescue lame ducks.

About £25bn of state money has gone into Maserati in both loans and equity to transform it from a concern which produced about one hand-made car a day to an industrial operation with daily production of about 30. Although further investment will be needed to remove bottlenecks, the loans are being repaid and next year Sig de Tomaso will have the right to buy out the whole of Gepi's stake for only £16m, less than the equity Gepi has put in to it.

As a result, the core companies in the group had increased their sales revenue in the year to June 30 by only 1.5 per cent to DM 3,54bn, which in real terms amounted to a setback.

But even so, the Tengelmans stores had increased their market share, partly as a result of more aggressive pricing policies.

A&P contributes more than half the Tengelmans group's sales revenue of about DM 22bn (\$8.14bn) a year. The group operates not only a core of Tengelmans supermarkets, but also other chains, such as Plus and Kaiser's, as well as the Löwa shops in Austria.

The group said that the West German retail trade, including Tengelmans, had been going through its hardest test for more than 30 years because of the recession.

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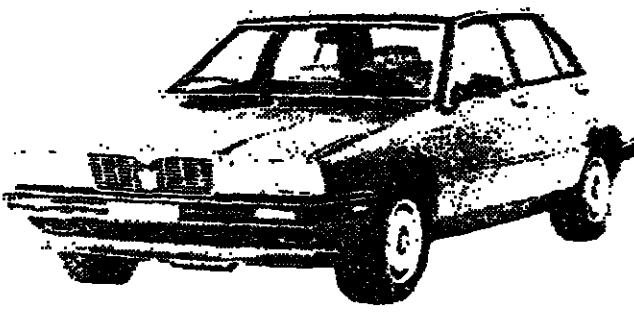
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The new high performance Biturbo

"You may think it's a good price but when it was agreed no one would offer a penny for Maserati," says Sig de Tomaso. Gepi says the buy-back options are normal practice in all its interventions. "After all it's the entrepreneur who has done the work," says Sig Rocco Spira, Gepi's director general.

The Maserati plant at Modena, in the engineering heartland of northern Italy, only makes the engines and the mechanical parts of the cars - bodywork and assembly are carried out in the Milan plant of Nuova Innocenti, another part of the de Tomaso empire. There the story is rather less cheerful.

Innocenti was the Italian subsidiary of British Leyland, which lost vast sums of money on it before it went into liquidation in 1975. De Tomaso and the Gepi stepped in to

rescue it and formed Nuova Innocenti, of which the de Tomaso group has 77 per cent, the Gepi 18.5 per cent and Leyland 8.5 per cent.

Nuova Innocenti has done badly because Leyland has done well in Italy. Innocenti used to make the Mini in Italy under licence, then brought out its own quite different version, designed by Bertone, using Leyland engines. When the engine import agreement expired in 1981 Innocenti began importing Daihatsu engines from Japan - a remarkable step for Sig de Tomaso, who feels strongly against Japanese competition in Europe.

But in the meantime Leyland Italy began building up its own operation in Italy and car sales (which reached nearly 26,000 units in the first months of 1983) took off with the arrival of the Metro in 1981.

Even so cash flow problems mounted alarmingly earlier this year. The Gepi recently stepped in with an injection of £45m in new capital, which will take Nuova Innocenti's capital up to £175m. There will be a new division of ownership

Leyland can offer its dealers a whole range of cars, including Jaguars, the Metro, the Maestro and even the old Mini, while the 187 Innocenti dealers have only one model to offer, albeit in different versions. Many of them deserted Innocenti for Leyland.

By last month Innocenti had only sold 12,400 cars this year against last year's total sales of 20,000, and it expects to lose at least £15bn this year on sales of £165bn, according to Sig de Tomaso, though he also insists that unit sales will still end up "close to 20,000". But that would be a smaller loss than last year's deficit of £22bn. In 1981 Nuova Innocenti lost £12bn.

Sig de Tomaso blames the problems of the Mini on Labour difficulties (he is notorious for his outspoken contempt for the unions), high labour costs and a desperately competitive small car market in Italy, where total car sales have declined nearly six per cent this year. But he is not downhearted: "When I took over Innocenti I said we would lose £33bn plus inflation before we broke even. You could say we were on target."

Even so cash flow problems mounted alarmingly earlier this year. The Gepi recently stepped in with an injection of £45m in new capital, which will take Nuova Innocenti's capital up to £175m. There will be a new division of ownership

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Tel: 0481 26741
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Amsterdam, Holland

Warner sells film contracts for \$350m
By Terry Byland in New York
WARNER Communications, the U.S. entertainment group currently taking heavy losses at its Atari subsidiary, has introduced a novel form of film industry financing by selling \$350m worth of film and television contracts for \$275m cash to a group of banks headed by Bank of America. The contracts cover rights to TV programmes already sold to major networks and agencies.
Warner said it had struck the unusual deal - the first of its kind in the industry - in order to take advantage of tax losses, and that it expects to recover the discount over the four years covered by the contracts. It will use the cash to reduce short-term debt, which stood at \$344m in September.
Warner lost \$424.7m in the first three quarters of the year and much of the tax loss involved can be applied to this year's balance sheet.

European car sales top 10m in 1983
By Kenneth Gooding in London
CAR SALES in Western Europe in 1983 reached 10.4m, the highest level since the 10.6m recorded for 1979, according to Ford of Europe estimates. Ford claims to have set records in terms of both volume and market share during the year.
Ford estimates that it will sell 1.3m cars in 1983, an 8 per cent rise on the 1.2m for 1982.
This will give it a 12.6 per cent share of the Western European car market. This was probably enough to put Ford ahead of Renault at the top of the European car sales league table for 1983.
Ford says the Escort will be Europe's best-selling car for 1983, having overtaken the Volkswagen Golf, which was adversely affected by the change to a new model during the year.
The Escort will probably end 1983 with a European market share of about 4.4 per cent.

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AND NOW TOTALS
PTAS. 40,100,000,000

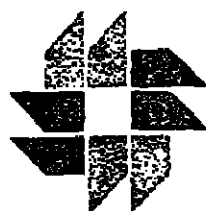
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PTAS. 104,453,000,000
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THE UNDERSIGNED ACTED AS FINANCIAL
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CHASE MANHATTAN CAPITAL MARKETS GROUP

OCTOBER 1983

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December 23, 1983

THE UNLISTED SECURITIES MARKET

It is proposed to publish a Survey on the above subject on Monday, 12th March, 1984.

For further details and advertising rates please contact:

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INTL. COMPANIES & FINANCE

David Marsh talks to the chief of a struggling Alsace engineer Manurhin heads for equilibrium

IN A spacious Parisian flat overlooking the Invalides where Napoleon lies buried, M. Antoine Veil, chairman of the struggling Alsace engineering group Manurhin, crunches breakfast-time croissants and talks about the re-birth of his company.

M. Veil at 57 has a career background studded with impressive details. None of them have any specific relation to the problems of a company which registered a massive loss of FFf 740m (US\$87.5m) last year and which has just been rescued from bankruptcy through a FFf 335m rescue package put together by leading French banks and Manurhin's main shareholder, the state-controlled defence and electronics concern Matra.

But M. Veil—married for 27 years to Mme Simone Veil, the popular centre-right French politician—aims to use the management expertise he gained during years as a high-flying civil servant and, latterly, as director general of the private sector French airline UTA, to pull Manurhin back from the brink. His aim is to break even next year and to start making profits in 1985.

M. Veil was brought in as chairman of the long-established group, which has a turnover of FFf 2bn a year, in mid-1982. This followed the death of M. Paul Spengler, the long-serving head of the family-dominated company and the son of M. Jules Spengler who founded Manurhin in 1919.

"I discovered a disaster," admits M. Veil bluntly. He was brought in at the request of his long-standing friend, M. Jean-Luc Lagardere, the chairman of Matra. The now state-controlled group (the Government took a 51 per cent stake in last year's nationalisation) had bought 34 per cent of Manurhin in 1978 and now, as part of the just-completed rescue deal, is increasing its stake to 80 per cent. The other aspect of the financial rescue is a drastic pruning of Manurhin's activities and a shift in emphasis towards profitable defence work and production of automated factory equipment.

M. Spengler died before a proper audit of Manurhin's accounts had been completed. As a result, M. Veil has been

left to oversee a thorough cleaning up of the group's balance sheet, including catching up with tardy stock depreciation and entering full provisions on doubtful loans to clients.

Of the FFf 740m net loss declared for 1982, between FFf 450m and FFf 500m was linked to losses in previous years which had not been reflected in the accounts M. Veil explains.

Now, he says, the corner has been turned. Manurhin has agreed to intensify its links with Matra in weapons manufacturing and its new speciality, automated production processes. Restructuring of FFf 550m short term debt agreed with the banks and a large capital injection from Matra (FFf 25m in the form of equity capital and around FFf 300m in cash, including the abandonment of previous advances of FFf 150m) will reduce Manurhin's debt service charges next year to about 6 per cent of turnover from the "ridiculous" level of 12 per cent this year.

The salary bill will also be reduced considerably through a reduction in group workforce from 5,500 in summer 1983 to only 4,200 by next spring. The job cuts, through a mixture of redundancies, early retirements and the dispatch of workers on training courses, have hit most of all Manurhin's basic machine tools activities, which are being closed down altogether.

The result of the restructuring, M. Veil says, will be to bring Manurhin back to equilibrium in 1984 after an estimated loss of FFf 200m (including the costs of the job cuts) this year.

The salvaging operation at Manurhin is an experience regrettably common to other prestigious French engineering and equipment companies such as Pociain or Motebecane. They have been forced to adjust under the harsh impact of the recession. The process has not been without rancour.

Apart from the savage job cuts, Manurhin's workers have had to face a pay freeze since M. Veil took over. The chairman admits this has lowered real wages (which admittedly were previously above average) by between 13 and 15 per cent. The debt restructuring

agreed with the company's 12 main banks—led by Banque Indosuez and the Banque Nationale de Paris—was held up by last-minute dissent when one member of the consortium, the state foreign trade financing bank, Banque Française du Commerce Extérieur, refused to accept the terms.

The matter was only resolved after M. Veil, in an 11th-hour act of brinkmanship, threatened

ing such industries as the metalworking sector, M. Veil says: "We will buy basic equipment from different producers and adapt and complete the machines with our own software."

Manurhin is also exploring a possible accord with Siemens of West Germany in numerically controlled machine tools.

A joint accord with Fujitsu of Japan, one of the world's leading robot manufacturers, which was being negotiated under Manurhin's previous management, has now, however, been scrapped. M. Veil says the planned agreement would not have given the French company sufficient commercial rights to market the equipment itself in Europe. He says the company is keeping the door open to commercialising robots and automatic manipulators for factory processes. "But I don't intend to become a robot manufacturer. It's too late. It is something we could have done 10 or 15 years ago. But now the market is almost saturated."

In other civil areas, Manurhin is to keep its profitable car parts manufacturing subsidiary Lebrachon going as well as its luxury clocks division L'Espe, although here too collaboration with Matra will increase.

Manurhin is also forming, with the diversified food group BSN Gervais Danone and Saint Gobain subsidiary Pontamousson, a joint subsidiary to make and market equipment for the bottling industry.

In return for Matra's engagement in underwriting the company's future, Manurhin has now clearly been drawn fully into the state-controlled group's orbit. But M. Veil insists that Manurhin, which still has 20 per cent of its capital quoted on the Paris Bourse, will continue to function as far as possible as a private company.

In a bid to attract more capital and to let the small shareholders benefit from the support of Matra, Manurhin is shortly to launch a FFf 100m bond issue with warrants giving holders the right to subscribe to Manurhin shares at a fixed price of FFf 50 during 1983 to 1985. "It could be interesting," says M. Veil.

On the civil engineering side, Manurhin has already signed an agreement with Olivetti to use in its own factories the Italian company's automated production equipment and to sell the machines commercially, indicating that Manurhin will stick to its traditional field of supply

last month to file for bankruptcy within 48 hours unless all the banks reach an agreement.

M. Veil is putting his eggs for the future in several different baskets.

Weapons will make up a bigger part of Manurhin's overall turnover (already the split is roughly 55 per cent for defence, 45 per cent for civil work) as a result of the merging of the group's arms activities in a joint company with Matra.

This will group together Manurhin's ammunition production and other activities in areas ranging from shells and missiles, to anti-tank weapons, cannon and police revolvers.

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Renong share issue is 55 times oversubscribed

BY WONG SULONG IN KUALA LUMPUR

RENONG BERHAD, the former London incorporated tin mining company, now under Malaysian control and expanding rapidly into property development, has received an enthusiastic response from the public for its share issue.

The offer of 6.25m shares of 50 cents each, priced at 60 cents, was oversubscribed 55 times, attracting applications for 350m shares. Directors have given 97 per cent of the allotment to applications below 10,000 shares.

Another 2.9m shares were reserved for Malays, employees

and directors. Renong began as a tin mining company in 1913, exhausted its tin deposits in 1976, and transferred its domicile to Malaysia in October last year.

Since then, it has purchased two property companies, Kinta Properties and Kinta Ann Development for 34.8m ringgit (US\$15m) through a share exchange.

After the public share offer, Renong will have a paid up capital of 25m ringgit. Its projected pre-tax profit for the year to June 1984 is 4m ringgit.

Battle of Brisbane ends as Fairfax gains control

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AS DRAWN out as Dallas—if not quite as costly—the takeover struggle for Australia's Brisbane Television (BTv) ended yesterday when Television Wollongong Transmissions (TWT) sold its 30.5 stake in BTv to John Fairfax, the Sydney-based media group.

After a month's duel and 30 separate bids Fairfax now owns about 80 per cent of BTv, which operates BTQ, Queensland's most profitable TV station.

The deal values BTv at A\$49.8m (US\$44.8m), representing a price-earnings multiple on anticipated current

year profits of between 10 and 12.5.

However, the long running takeover battle has been subtitled "Fairfax's folly." Fairfax acquired its original 15.9 per cent stake in BTv last year at a price of A\$14 a share, whereas at the peak hour of its bidding duel with TWT the price reached a climactic A\$27.50 a share yesterday, adding greatly to Fairfax's costs.

TWT, which operates a regional TV station in Wollongong, the steel town south of Sydney, is expected to show a profit of about A\$5.6m on yesterday's sale to Fairfax.



Ente Nazionale per l'Energia Elettrica (ENEL)

(A public statutory body established under Italian law)

£100,000,000

Guaranteed Floating Rate Notes 1993

guaranteed as to payment of principal and interest by

The Republic of Italy

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 21st December, 1983 to 21st March, 1984 has been fixed at 9 1/4 per cent per annum. Coupon No. 1 will therefore be payable at £606.05 per coupon from 21st March, 1984.

S.G. Warburg & Co. Ltd.
Fiscal Agent

U.S. \$75,000,000



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In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 23rd December, 1983 to 23rd March, 1984 the Notes will carry an Interest Rate of 10 1/4% per annum and the Coupon Amount per U.S. \$10,000 will be U.S. \$26.86.

Credit Suisse First Boston Limited
Agent Bank

U.S. \$150,000,000

National Westminster Bank PLC

Floating Rate Capital Notes 1990



In accordance with the provisions of the Notes notice is hereby given that for the six months interest period from 23rd December 1983 to 23rd June, 1984 the Notes will carry an Interest Rate of 10 1/4% per annum. The interest payable on the relevant interest payment date, 23rd June, 1984 against Coupon No. 12 will be U.S. \$55.24.

By Morgan Guaranty Trust Company of New York, London Agent Bank

U.S. \$150,000,000

Chemical New York N.V.

Guaranteed Floating Rate Subordinated Notes Due 1994

Guaranteed on a subordinated basis as to payment of principal and interest by

Chemical New York Corporation

In accordance with the provisions of the Notes, notice is hereby given that for the three month Interest Period from 23rd December, 1983 to 23rd March, 1984 the Notes will carry an Interest Rate of 10 1/4% per annum. The relevant Interest Payment Date will be 23rd March, 1984 and the Coupon Amount per U.S. \$10,000 will be U.S. \$26.86.

Credit Suisse First Boston Limited
Agent Bank

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

When career blues hit the middle-aged...

BY MICHAEL DIXON

IF YOU are not over the hill yet, don't be smug. You'll be joining the rest of us on the downward side soon enough. And when you do we shall sympathise if you go around bemoaning your wasted potential, like S. Eliot's middle-aged J. Alfred Prufrock who whined: "I have measured out my life with coffee spoons."

He should be so lucky. Coffee spoons at least glitter occasionally. For most of us middle-aged the great hopes of youth long since gave way to a procession of uniformly drab events.

The general mediocrity of our careers makes it more ludicrous than lamentable to compare ourselves with the few who achieved great things. For instance (to borrow an illustration from Tom Lehrer), by the time Mozart was my age he'd been dead for 16 years.

What tends to distress us is not looking back on past insignificance, but being put into a position where all we can look forward to is an even less significant future. And many more middle-aged towards the upper end of the pay scale now suffer that fate than their predecessors did, and a good deal earlier in their lives to boot.

Only a couple of decades ago managers and specialist staff could often realistically hope for further promotion until they were nearing their mid-50s. Those who didn't get it were usually repaid for their loyalty by being kept on the payroll until retiring age.

Nowadays there is less and less hope of real promotion beyond the early 40s. If your

organisation has not chosen you for the top by then, you're increasingly liable to be not just shelved but scrapped. So it is a tribute to the resilience of middle-ageders that, on the evidence of research by Professor John Hunt and Dr Roger Collis, only a minority of us get doom-laden. Their study of the so-called mid-career crisis showed that its depressive effects hit only 37 per cent of the middle-aged in their sample of 574 men in managerial jobs in big organisations. That is encouragingly small proportion considering that about a quarter of managers suffer from depression even in their 20s.

Booze-intake

The 574 were Australians, who are peculiar not only in living upside down but in munching more aspirins and the like than any other nation as well as being unsurpassed in booze-intake. But it seems fair to suppose that the research findings are loosely applicable to big-organisation managers elsewhere in the world.

The worst incidence of suffering from the onset of middle age—in the 35-45 bracket—occurred in finance, banking and insurance organisations.

The financial sector's boozing was outstanding even by Anti-Poison measures. It came first equal with public-service bureaucracies for provoking backache and other physical symptoms of stress, and tied with wholesaling and retailing for driving executives paranoid. But finance had a better record than any other sector for

happy family lives. When the sample was analysed not by sector but by the work the 574 managers did as individuals, the happiest were the most senior managers. Oddly enough, they also happened to spend the least time with their families.

The people least happy with marriages and children were the public-service bureaucrats. They spent the most time with their families.

The prize for being the most depressed at all ages went to personnel managers. Not much happier with family life than the bureaucrats, they equalled them in feeling inescapably "locked into" their present organisation and came close to financial managers in drinking and avoiding physical exercise.

Personnel staff had the worst record for nervous disorders and were the most liable to have received psychiatric treatment. But they smoked less than the others.

There is a touch of poetic justice in the extra suffering of personnel managers. For when the researchers looked for the causes of mid-career depression, the blame seemed to lie more with organisations' personnel policies than with physical failings or declining technical competence among the third or so of the executives hit by the crisis.

Around 90 per cent of the victims were satisfied with the work their job required of them in contributing to their organisation's service to its customers. The main complaint was that their ability to contribute still better was blocked

by ritual procedures, especially promotion systems widely seen as rewarding something different from productive job performance.

Often the blues were born when the weight of evidence finally forced the middle-aged to drop their earlier belief that the key to success was contributing to the organisation's stated objectives. The scales fell from their eyes to reveal corporate life "as a power game in which the mediocre and even the incompetent can be successful... in which senior executives achieve their own (personal) objectives in the name of the 'system'."

Human Edge has been putting the program to work in its initial contacts with software distributors, retailers and visiting journalists. Dr James E. Johnson, founder of Human Edge, explains: "To close a major order from a distributor we ran the program on our contact and on each of the company's executives. We used the output to decide which of us should visit the customer to close the sale."

Johnson expects to sell up to 50,000 copies of this and follow-up programs in 1984, and two to three times as many in 1985. Sales Edge costs \$250.

The Sales Edge program cannot substitute a computer print-out for human intuition or

involvement in dual-career family dilemmas, and indicates a range of personnel policies aimed at helping employers cope with them.

Assessing the productivity of corporate staff services. J. Hoffman and O. Shackney in *Business Horizons* (S.), July/Aug 83.

Reviews current literature on dual-career partners, specifically advantages/drawbacks, effects on mutual satisfaction and relationships, and influence on transfer/relocation decisions by either partner. Stresses increasing organisational in-

Programmed psychology

How to use your Edge to advantage

BY LOUISE KEHOE

"SALES EDGE" is a far cry from the usual spread sheets, calendars or mailing list programs to emerge from computer software houses. It is instead a computer program for salesmen which addresses the human side of selling—the relationship between buyer and seller.

The Sales Edge package comes from Human Edge Software, one of the newest software companies to establish itself in California's Silicon Valley and one which has a knack of saying the right things to get you interested in its product—an achievement no doubt due in part to the company's use of its own product.

Sales Edge psychoanalyses the user and his prospective customer, figures out how the two will get on together and advises the salesman on how to make the most of his abilities. The computer suggests opening, presentation and closing strategies tailored to the individual customer. Its advice can run a 10-minute sales call.

Human Edge has been putting the program to work in its initial contacts with software distributors, retailers and visiting journalists. Dr James E. Johnson, founder of Human Edge, explains: "To close a major order from a distributor we ran the program on our contact and on each of the company's executives. We used the output to decide which of us should visit the customer to close the sale."

Johnson expects to sell up to 50,000 copies of this and follow-up programs in 1984, and two to three times as many in 1985. Sales Edge costs \$250.

The Sales Edge program cannot substitute a computer print-out for human intuition or

the ability to get along with people, but it comes very close. The computer, it seems, is more consistent than its human counterparts in predicting how one person will relate to another in a sales meeting. "It is easier to take advice from a computer than from another person," Johnson suggests. "People get defensive when they are told how to improve their relationships."

It is comforting to learn, though, that a great deal of human expertise is needed to turn the computer into even the most basic kind of psychological "expert." The computer's apparent insight comes from a mass of research data condensed to fit into the limited memory of a personal computer. "We reviewed all of the literature, both academic and popular, on the subject of how to sell and extracted advice in order to build up a set of rules on how to succeed," explains Johnson, himself a widely published clinical psychologist who has specialised in the application of computers to psychology.

The next step was to feed the computer with sets of personality traits. Sales Edge contains matrices of 12 basic buyer types and 12 basic sellers. Add graduations on each scale of personality type and thousands of possible combinations result — each producing a personalised set of advice.

The computer learns what kind of individuals it is dealing with by asking leading questions such as: "Agree or disagree with the following: white lies are often justifiable."

In assessing the "buyer," the computer asks the salesman to describe him by agreeing or disagreeing with a list of 50 characteristics. Sales Edge represents the

first application to personal computers of what is termed "expert systems technology." Using the same concepts and methods employed in Sales Edge, Human Edge is developing programs for managers (advising on how to deal with individual employees in a variety of difficult situations) and negotiators — suggesting strategies, proposals, counters and the like.

Turning to a machine for advice on how to get along with people may sound far-fetched, but it is after all not very different from consulting one of the hundreds of popular psychology books on "How to succeed" or "How to be a parent."

It is also as well to remember the old adage of the computer world—garbage in, garbage out. Unless the salesman is honest about himself, and has sufficient insight to answer questions about his potential customer, the computer can tell him nothing of value.

To open an Orwellian 1984, the Financial Times applied Sales Edge computer expertise to the relationship between two world leaders — the British Prime Minister, Margaret Thatcher, and the U.S. President, Ronald Reagan.

How should Mrs Thatcher approach Mr Reagan in "selling" him her policy on Nato spending, we asked the computer.

In our simulated test, we had to rely upon the (all too human) expertise of Financial Times' writers to define the personalities of both our subjects. None the less, the computer seemed to identify them well.

"Your ability to understand Ronald Reagan's point of view will help you to involve this

active, sociable person," the computer assured Mrs Thatcher. "He will appreciate your warm manner and respond very positively as a result. The result will probably be a mutually comfortable relationship upon which successful business can be built."

That might seem to be an obvious observation, but in fact it is a deduction from a basic description of each personality.

The computer went on gently to point out potential problems. Your tendency to place emphasis on details may bore R. R., so thoughtfully prepare an interesting, stimulating approach that will appeal to someone who prefers a more general or global approach. Be aware that R. R. can be impulsive and make quick decisions. You, on the other hand, tend to worry about decisions." (Had the computer heard about the computer and Grenada, we wondered?)

Do not take R. R.'s bargaining acts and tendency to take a firm stand to mean that a confrontation or win-lose contest is on. Your tendency may be to increase your hard-sell to guarantee that you will not lose. Do not increase pressure on R. R. as this may deter him, the computer went on to advise.

"R. R. is inclined to seek the limelight, to perform for others. Appeal to R. R. with flattery and by acknowledging his achievements," said the computer, displaying an uncanny appreciation of the President's personality.

We are not suggesting that Mrs Thatcher should turn to a computer for advice on how to get along with Heads of State. It is just that if he has an "edge"—perhaps she should too.

organisation, and the deficiencies encountered along the way; claims that, by the end of the programme, the return on capital investment will run at almost 90 per cent.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley, Middlesex HA9 8DJ.

Management abstracts

Dual-career couples. D. H. Green and T. J. Zemisek in *Journal of Business Ethics* (U.S.), Aug 83.

Reviews current literature on dual-career partners, specifically advantages/drawbacks, effects on mutual satisfaction and relationships, and influence on transfer/relocation decisions by either partner. Stresses increasing organisational in-

volvement in dual-career family dilemmas, and indicates a range of personnel policies aimed at helping employers cope with them.

Assessing the productivity of corporate staff services. J. Hoffman and O. Shackney in *Business Horizons* (S.), July/Aug 83.

Discusses reasons why corporate staff services cease to be cost-effective; outlines a method of reviewing the role and contribution made by each activity, and advises on functional pro-

ductivity assessment, suggesting that realignment of the services is more likely to be seen as the solution than major restructuring.

A management strategy for information processing. A. C. Collins in *Long Range Planning* (UK), Oct 83.

Gives a detailed description of a large-scale computer development at South Eastern Gas (to the extent that there are now 1,200 terminals for 6,000 office workers); explains the aims of the development; its

TECHNOLOGY

RUSSIAN AND AMERICAN ENGINEERS ARE PLANNING THE FIRST ORBITING FACTORIES

Watch for products labelled 'Made in Space'

BY PETER MARSH

SPACE ANALYSTS in the West believe that over the next two years the USSR will build a large space station with several modules in which different kinds of experiments can take place.

The base would improve on the Soviets' existing stations for two reasons. First, it would contain up to six docking ports, compared with two in the current generation of hardware.

With the extra ports, engineers would attach to the central core of the base modules for special purposes. Four such modules may see service in the next generation of space stations, suggest space analysts. These would be for materials processing, observations in astronomy, remote-sensing of the Earth and biological experiments.

The modules will probably be of the same size as the core of the Soviets' existing space station, Salyut 7, which has been in orbit for nearly two years. They would be cylinders about 15 metres long and 4 metres in diameter.

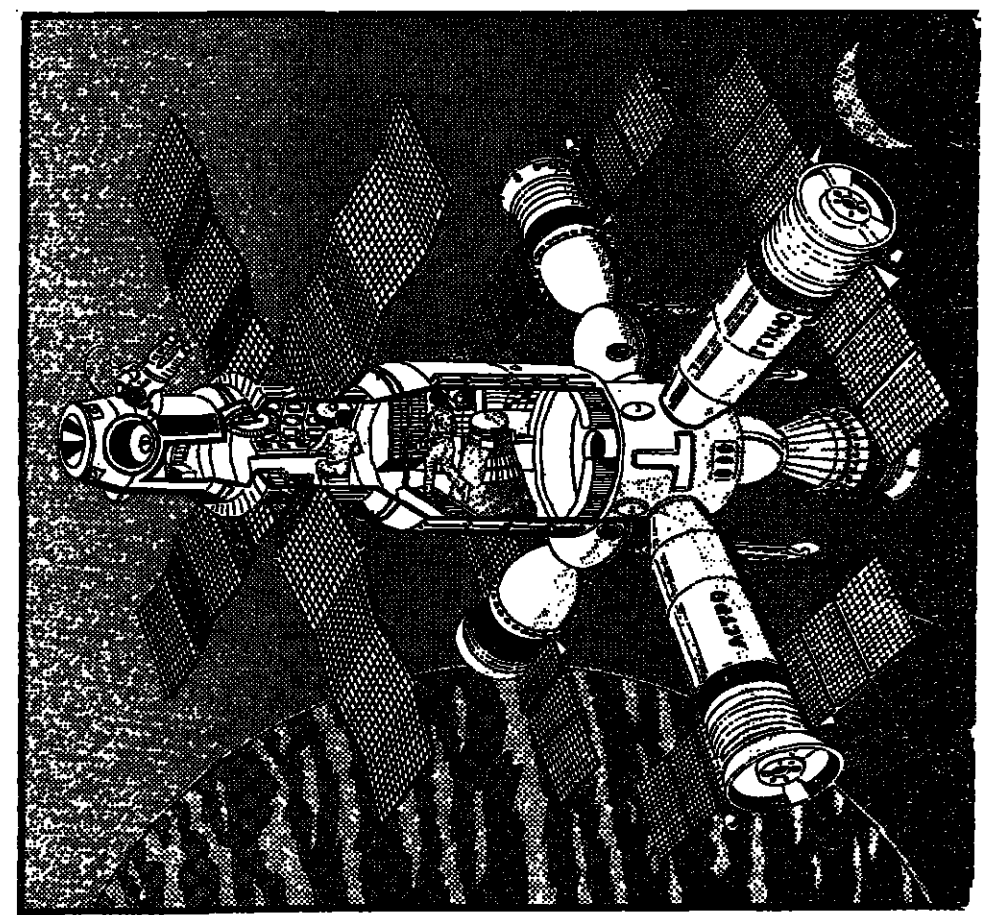
The second reason why the new base would be a step forward is that it would allow the Soviet Union to keep people permanently in space. Under current arrangements, there are two kinds of Soviet spacefarers. The first visit space stations for long periods of several months. They are normally in teams of two.

The second type of cosmonaut stays in space for only a week or so, during which the "long-stay" spacefarers act as their hosts. Up to three of the short-stay cosmonauts visit the space station at a time.

Both kinds of space adventurer travel to the orbiting station in Soyuz capsules injected above the atmosphere by rocket. The capsules dock at the ends of the Salyut base. The cosmonauts also use them to return to Earth.

With this procedure, the space station is occasionally left empty. A departing long-stay crew "mothballs" the base, deactivating equipment and so on, leaving another team to start up the station perhaps a month or two later.

No one is aboard Salyut 7 at present. Mr Vladimir Lyakhov and Mr Alexander Alexandrov, the last set of cosmonauts, left the station on November 23 after a stay of 149 days. A new crew is expected to re-enter the station in January or February.



Soviet engineers want to place in orbit over the next couple of years a big, new space station

It would be useful operationally for the Soviets to keep one or two people in space all the time. There would be no waste of time as experiments are stopped and then restarted. A permanent presence in the heavens would also carry propaganda value.

All the signs are that the Soviet Union intended to test this strategy three months ago. It seems that flight controllers wanted to change over to long-stay crews on Salyut 7, without a break in occupancy.

But Mr Vladimir Titov and Mr Gennadiy Strekalov, who were to have relieved Mr Lyakhov and Mr Alexandrov, suffered a cruel misfortune. Their rocket exploded on the launch pad as they were due to leave the Tyuratam cosmodrome on September 26.

The pair ejected to safety, leaving Mr Lyakhov and Mr

Aleksandrov to soldier on in Salyut 7 for longer than flight controllers had intended.

Another sign that the USSR is planning something new was the connection earlier this year to one of Salyut 7's docking ports of a large capsule. This was probably a prototype of the modules that will feature in the next generation of space stations.

Cosmos 1443 spent several months linked to the station. About as big as the core of the Salyut itself, it increased the mass of the total space complex to about 50 tonnes.

Cosmos 1443 comprised two sections. The first, in effect, was a big extra room that added extra facilities to the Salyut. For instance, this contained its own hardware for propulsion, life-support and electricity.

The second part of the spacecraft was more significant. It

was a return capsule that came back to Earth in the autumn. The vehicle landed, as normally happens with Soviet spacecraft, with parachutes to break its fall through the lower stages of the atmosphere.

The return capsule transported to the ground a cargo of documents and research materials from experiments on the space station.

The Soviets have relied on unmanned Progress capsules to take goods up to their space stations. But apart from the Soyuz capsules, whose main job is to carry people, they have previously had no way of returning material from space to Earth.

The Soviet Union never publishes figures on the cost of its space stations, which must run into billions of dollars. But Mr Peter Smolders, a specialist

on Soviet space affairs who lives in the Netherlands, points out that the Soviets have a revolutionary approach to space technology which may keep costs down.

US designs for the 1990s ready

SPACE ENGINEERS in the U.S. have completed the design of the orbiting station that they hope will see service in the 1990s. Dr Robert Freitas, an official of the National Aeronautics and Space Administration, says he hopes to receive government approval for the \$8 billion venture by the end of January.

Dr Freitas is deputy director of a NASA task force that, over the past 18 months, has drawn up plans for the station. The team has talked to government officials, industrialists and scientists to determine uses for the station, which would be in orbit some 300 kilometres above the Earth and have a permanent crew of six to eight people.

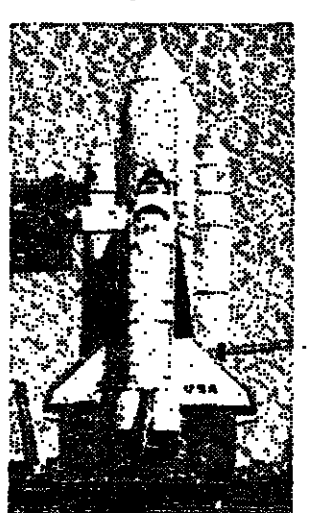
One of the main applications for the hardware would be as a centre from which to maintain or repair satellites. Such servicing work could prolong the lives of expensive spacecraft which normally run out of fuel or suffer technical faults after a maximum of 10 years.

The station would contain cameras that take high-resolution pictures of the Earth. The orbiting hardware could also house laboratories and manufacturing facilities. These would be more advanced versions of the equipment taken into orbit in the first Spacelab mission which has just finished.

Spacelab is the world's first reusable space laboratory, built by the 11 nations of the European Space Agency.

The plans for the space platform are NASA's answer to efforts by the Soviet Union to establish a permanent base in the heavens. The USSR has placed in orbit seven stations, the last of which, Salyut 7, is still circling the Earth. In these, cosmonauts have lived and worked for up to seven months at a time.

If President Reagan approves NASA's plans, the American



NASA's lab tax

station could receive its first astronauts in 1991. Dr Freitas said he hopes detailed design work will start by the end of next year. Construction would begin in 1985 or 1986.

Dr Freitas was speaking in London recently at a conference on the industrialisation of space organised by the Royal Society.

According to Dr Freitas, the space station would comprise separate modules for different applications. The modules would be ferried into orbit by a space shuttle and linked up later.

Governments in Western Europe, Canada and Japan may decide to join the project, for instance by providing specific parts of the station. In this way, West Germany, which has played the biggest part in building Spacelab, could manufacture further units of the orbiting laboratory to form living quarters for the American space base.

SATELLITES Software for sensing

OWNERS OF personal computers will be able to process data from remote-sensing satellites to provide information about crop growth of geology. That is the promise of a new American company which sells programs for interpreting the data from outer space that will run on cheap machines.

Loats Associates in Westminster, Maryland, sells software packages that will make sense of data sent by the U.S. Landsat vehicles. The programs combine the information from the satellites with data already collected from Earth-bound surveys.

With the programs, people can answer questions about, for example, how well wheat is growing in a particular part of the U.S.

The company sells two software packages for U.S.\$100,000 each. These evaluate information related to agriculture and minerals resources.

The programs work with information sent from the thematic mapper, a sensor on Landsat 4 which is in orbit. This vehicle is only partially operating and will be replaced by a new Landsat in the spring.

According to Loats Associates, the programs will run on an IBM personal computer that costs U.S.\$4,500. Further, they require only low-resolution data from space. This information comes in the form of photographic prints that the American Government sells for about U.S.\$40.

Micro supermarket alert

THERE ARE 645 different personal computer products being made by 174 manufacturers and it may not be long before they are being sold door-to-door by salesmen, rather like encyclopaedias.

These and other prospects are contained in a new report from Strategic Incorporated which claims that inadequacy of distribution is a real problem.

Strategic expects the number of PCs shipped worldwide in 1982 (2.25m) to double by 1985. "Thus," it says, "new channels will have to be developed to make up for the current shortcoming as well as provide for the expected expansion."

Another possibility is the "PC supermarket" which

Conventionally, people who process data from remote-sensing vehicles require big computers that may cost up to \$100,000. Also they need as the source of the information computer tapes which contain much more data than the simple photographic prints.

A tape derived from signals sent to Earth by the thematic mapper is highly sensitive. A customer would have to pay the American Government about U.S.\$3,000 for a tape of data relating to a section of the Earth of 34,000 sq kilometres.



Harry Loats of Loats Associates

collects under one roof a variety of hardware and software sold by the representative of each system.

More likely to succeed however, will be the national or regional broker sales force. In this case, individual salesmen call directly on end users with complementary product lines from different manufacturers. Systems houses, too, could be effective distributors, especially those specialising in supporting the operating divisions of large companies using micros as intelligent networking stations tied to a large company mainframe.

Microcomputer Distribution—the Key Issues. Price U.S.\$870, from International Planning Information, Nordre Ringvej 201, 2600 Glostrup, Denmark.

UK COMPANY NEWS

Superdrug maintains growth rate at 28%

MAINTAINING A profit growth rate around 28 per cent Superdrug Stores achieved taxable profits of £2.09m, against £1.64m, in the third quarter, pushing the nine-month total up from £3.98m to £4.97m.

Turnover of this toiletries retailer was also sustained at an expansion rate of around 23 per cent with £26.55m against £21.71m in the latest quarter, making £72.27m compared with £58.64m for the nine months.

The tax charge for the nine months to November 26 1983 was £2.14m (£1.67m) leaving an attributable surplus of £2.83m (£2.22m), an increase of 25 per cent.

• comment

Great things are expected of Superdrug. So a 28 per cent pre-tax profit increase—exactly in line with the previous two quarters—elicited hardly a flicker of interest from the market and the shares rose only 3p to 262p. For the time being, however, the Goldsteins are not under great pressure to flesh their paper around. Cash flow should be adequate to finance a second warehouse, costing up to £5m, construction of which is planned to begin in the Midlands early next year. Meanwhile, selling space continues to grow vigorously, up 15 per cent on the previous period, bringing the number of stores to 173. Existing stores showed 5 per cent volume growth, which should accelerate in the current quarter, pointing to a full-year out-turn of perhaps 17m pre-tax. That still puts the shares on a fully-adjusted multiple of 27, a 40 per cent premium to the stores sector. On an actual tax basis, the p/e drops to 23.

Edward Jones cash call for acquisitions

Edward Jones Group, the building contractor's property developer, is calling on shareholders for £1.37m in a rights issue of two ordinary shares for every three held, and ordinary shares for every 23 nominal of loan stock 1986-88, at 33p per new share.

The £1.23m net proceeds of the issue will be used to provide finance for the acquisition of further property and related interests, and for working capital.

Yesterday, Edward Jones' shares fell 5p to 40p. The company has conditionally contracted with Woodhouse Company (Jersey) to acquire the issued shares of Raz Investments and Mannes Investments, two companies whose principal assets are a 15 per cent interest in the share capital of IHC (International Hospitals Group) and IHC (Medical Services) respectively.

The price payable for Raz and Mannes is estimated at £1.5m. An initial payment of £400,000 will come from the proceeds of the rights issue. Edward Jones has also negotiated the purchase, subject to shareholders' approval, of nursing homes in the south of England at a total price of £660,000.

The company is also proposing to cancel its loan stock in exchange for the issue of ordinary shares at an improved conversion rate. The current rate is five ordinary shares for every £1 nominal of loan stock and the proposed improved rate is 14 for every £2 nominal.

There is £425,573 nominal of the loan stock outstanding, which on conversion at the improved rate would result in the creation of 2,386 new ordinary shares.

The company has also announced its results for the first half of 1983. Turnover is £1.75m (£1.38m) and the trading losses are £1.80m (£63,000). After profits on the sale of property of £38,000 (nil), pre-tax profits emerge at £30,000 against losses of £63,000. As before no tax is payable. Following an extraordinary debit of £8,000 (£25,000), net earnings per share are given as 0.7p (losses 1.47p).

DUNDEE AND LONDON INVESTMENT TRUST PLC

Extract from the Report and Accounts for year ended 31 October 1983

	1983	1982
Revenue after charging Interest and Expenses of Management	£1,130,590	£1,122,304
Taxation	370,680	385,574
	£759,910	£736,730
Preference Dividend	14,875	14,875
	£745,035	£721,855
Ordinary Dividends		
Interim of 1.5p paid (1.5p)	£252,000	£252,000
Final of 2.85p proposed (2.75p)	478,800	462,000
	730,800	714,000
Transferred to Revenue Reserve	£14,265	£7,855
Earnings per Ordinary 25p share	4.43p	4.30p
31 October 1983		31 October 1982
Valuation of Investments	£29,698,063	£28,723,575
Net Asset Value per Ordinary share	170p	141p

THOMSON McLINTOCK & CO. Secretaries, ROYAL EXCHANGE, DUNDEE.

GrandMet rises £75m to £295.2m

FOLLOWING A jump in mid-term pre-tax profits from £74.8m to £113.8m, Grand Metropolitan, consumer, brewing, foods, wines and spirits and hotels group, has pushed the figure up from £220.2m to £295.2m for the year ended September 30 1983.

Earnings per 50p share were 33.4p, compared with 37.3p, and the dividend is stepped up to 9.525p (8.375p) net with a final distribution of 5.75p. Also proposed is a one-for-five scrip issue.

External sales amounted to £4.47bn, against £3.85bn, and with trading profits of £407m (£394.8m) were divisionally split as to: UK—brewing £81.4m (£88.7m) and £73m (£68.5m); consumer services £1.05bn (£1.01bn) and £73.6m (£67.1m); foods £737.4m (£665.3m) and £11.8m (£15.1m); oil and gas £1.1m (£1.5m); U.S.—consumer products £864.4m (£895.5m) and £38.4m (£64.7m); International—hotels £301.4m (£296.3m) and £27.3m (£22.8m); wines and spirits £559.7m (£768.5m) and £104.5m (£98.1m).

The directors say that the improvement in the trading surplus stemmed particularly from the U.S. and international sectors. The group is now "firmly established in international markets and its overseas operations accounted for 44 per cent of the year's trading profit," they state.

In the UK, brewing achieved a further improvement and enjoyed the benefit in the second half of increased levels of demand during a spell of hot summer weather.

Consumer services also made progress and the increase in trading profit for the year would have been still higher but for the incidence of substantial reorganisation costs in the licensed retailing and leisure operations.

A lower profit in the foods activity, however, reflected continued pressure on margins from manufacturing dairy products as well as the heavy cost of commissioning a new type of cheese

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total last year	Total this year
Bankers Investment	1.76	Feb 23	1.25	4.16	5.93
James Crean	4.13	Feb 8	0.8	—	—
Cronite	Nil	—	—	—	—
Electric Gen Inv	1.35	Feb 9	1.1	—	2.58
Grand Met	1.75	Apr 19	4.88	9.63	8.38
Smith Bros	1	Feb 17	1	—	3
Turnbull Scott	3	Jan 19	3	—	6

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted companies. ¶For 18 months. ||Irish pence. **Same again final of 1.71p forecast.

plant at Ruyton and the expense of introducing integrated distribution facilities for the whole of the product range.

In a relatively buoyant economy in the U.S., further significant advances were made by almost every operating company. A 31 per cent increase in the trading profit of the consumer products activity expressed in U.S. dollars was accentuated on consolidation by the beneficial effect of translation into sterling at low rates of exchange, directors explain.

In the international sector, hotels earned a higher trading profit in a year when the integration of the group's original portfolio of hotels into Inter-Con

for costs of fundamental reorganisation of the group of £482,000, and a provision against diminution in the value of trade receivables of £124,000.

The directors say that despite the substantial losses and provisions, the company is operating within its existing bank facilities which are supported by its bankers and institutional debenture stock holders.

Apart from the appointment of Mr David Piment as chairman of last year's AGM, Mr E. Ward retired from the board. Mr James Lindsay-German was appointed, last July, to the newly-created post of group managing director, and Mr Tom Hones, former chairman of Butterfield-Harvey, to the post of deputy chairman.

As a result, it has embarked on a fundamental reorganisation including closure of the Birmingham Head Office with the bulk of its functions being relocated to Crewekerne.

Activity in the precision castings subsidiary which has lost £850,000 over the last two years, has been curtailed and negotiations are proceeding to sell the company as a going concern.

The results for the year provide for the anticipated costs of closure and disposal and the board is satisfied that the provisions, made under extraordinary items, cover all foreseeable losses resulting from the reorganisation.

Extraordinary items debited £806,000, against £140,000, and for 1982-83 comprised provisions

tinental was substantially completed. A number of London hotels were sold and the proceeds reinvested in new hotel developments in the U.S. and elsewhere.

Wines and spirits reported a trading profit of more than £100m for the first time. The new brands developed in recent years proved their strength in the market place, against a background of pressure on consumer spending in most of the world's major markets, directors state.

Interest charges, down from £134.6m to £111.8m, were attributable more to the generally lower level of interest rates than to the reduction in borrowings arising from the rights issue last year, directors point out.

Tax charges were £27.3m higher, at £39.8m, and after minorities and preference payments the attributable balance came through at £200.6m, compared with £151.4m.

Directors estimate that the net effect of extraordinary items will be a surplus of £7.2m—currency gains £8.3m, profits on sales of properties and investment £5m, less losses arising from closures and other material capacity reductions of £10.1m.

On a current cost basis pre-tax profits were reduced to £264.8m (£183.4m) and earnings per share to 28.5p (20.9p).

See Lex

Cronite loss jumps to £1.23m—no dividend

SECOND HALF losses of £648,000, against £160,000, were suffered by the Cronite Group, investment holding company, which lifted the loss for the full year ended September 30 1983 to £1.23m pre-tax, compared with £390,000 previously.

However, management accounts for the first two months of the current year show that all subsidiaries and the group as a whole are trading profitably.

There is no dividend for the year, compared with 1.5p last year which included a final of 0.8p.

Turnover was little changed at £10.33m (£10.51m) for the 12 months, and the pre-tax figure was after interest of £328,000 against £277,000 and exceptional debits—bad debts—of £211,000.

Turnbull Scott shows profit in first half

With the inclusion of a first-time contribution from Security, acquired in July, Turnbull Scott Holdings returned to profits in the half year to September 30 1983.

Trading profits of £592,000, compared with losses of £590,000, were achieved on lower turnover of £5.51m against £10.88m, and the taxable surplus was reduced to £140,000 (loss £172m).

The interim dividend is held at 3p and will absorb £30,000 (£40,000). Last year's final payment was 3p (2p) when a pre-tax loss of £2.33m (£1.84m) was incurred.

Tax for the opening period was the same £13,000 and minorities took £12,000 (£1,000) leaving a net profit before extraordinary items of £115,000 (loss £173m). This profit, which includes a £74,000 foreign exchange gain, illustrates the benefits of ship sales, the directors say.

Below the line, extraordinary items added £540,000 (£378m), being net surplus on the disposal of ships £775,000 (£378m) and other £135,000 debit (credit £15,000). After dividends the re-arranged surplus was £725,000 (£2.03m). Earnings per share are stated as 12p.

Electric and General

Profits of Electric and General Investment Company rose from £311,904 to £427,796 for the six months to November 30 after tax of £243,947 compared with £151,842. The interim dividend is being increased by 0.25p to 1.35p net per 25p share and a same-gain final of 1.75p is forecast.

Gross income totalled £1.13m (£948,892) and interest and administration costs rose to £483,915 (£198,156). The directors say the incidence of dividend and interest payments resulted in a higher proportion than before of income arising in the first half. Earnings emerged at 2.38p, against a previous 1.72p.

Reardon Smith back in black but trading 'bleak'

Reardon Smith Line, Cardiff-based ship operator, has turned in taxable profits of £468,000 for the half year ended September 30 1983 compared with losses of £2.77m, but directors say the profit is "bleak" because of the agreement reached on chartered-in tonnage.

Losses allocated to the memorandum account for the period amount to £2.6m.

The directors say that the trading position remains bleak and there is no sign of any substantial recovery in the immediate future.

However, they add that there are indications of an upturn in the world economy and it is hoped that this will result in an improvement in the movement

of dry cargo, with a resultant benefit in freight rates.

For the whole of the year ended last March, the group suffered pre-tax losses of £3.79m, against £129,000.

Losses for the six months to September were much lower at £1.8m, compared with £7.3m, and the trading loss, £726,000 (£2.31m), comprised bulk carriers £726,000 (£2.27m) and tankers £48,000 last time.

Vessel sales contributed £1.51m, against £1.5m, and investment income was £158,000 (£192,000).

The pre-tax figure was after depreciation of £459,000 (£528,000), interest payable, well down at £316,000 (£294,000) and was subject to an exchange loss, last time, of £390,000.

Highgate & Job confident of profits for full year

INTERIM LOSSES at Highgate & Job Group were reduced from £253,000 to a near break-even £20,000 and the directors have reaffirmed their previous forecast of a return to profits in the current year.

They say that the results justify their continuing confidence in the group's potential. Losses in the oil and chemical divisions were lower at £14,000, against £80,000, in the six months to September 30 1983. However, profits in the protein operation fell by £8,000 to £20,000.

Group turnover for the period was static at £3.18m, and the taxable result was struck after exceptional charges of £2,000 (£3,000).

At the attributable level the loss emerged down at £8,000 compared with £77,000 after extraordinary charges of £7,000 (£14,000). There was again no tax payable.

In the year to last March a reduction in the oil division loss

was largely responsible for a cut in the group's taxable deficit from £261,227 to £105,516.

Shareholders are still without a dividend payment, the last being in 1978.

Peachfield, controlled by Mr Mark Watson-Smith, yesterday acquired a further 25,000 Highgate ordinary, lifting its total stake to 275,648 (29.9 per cent).

The shares were purchased from Highgate's chairman Mr M. E. Constable.

William Boulton

At the trading level first-half profits of the William Boulton Group are expected to show an improvement of between 25 and 30 per cent but after all charges, including exceptional items, the figures will be similar to those of the previous year.

Revealing this at the AGM Mr Denis Fahy, the chairman, told shareholders that it was the directors' belief that the trading outlook was improving.

Aitken Hume rights response disappointing

The £16.8m rights issue by Aitken Hume Holdings has met with a disappointing response.

Of 12.58m new ordinary shares offered, only 5.04m have been taken up. A further 1.8m were provisionally allotted to companies in which directors of Aitken Hume have a beneficial interest.

The underwriters have been called on to take up the balance, representing 59 per cent of their commitments. Arrangements have been made for shares which have been taken up by certain underwriters who do not wish to retain them to be placed with shareholders who wish to hold them for investment purposes.

Mr Michael Scree, a director, said: "It was an extremely heavy rights issue. A number of institutional shareholders said they were not prepared to take up the full amount of their rights, and smaller investors felt unable to put large amounts of money into the company."

The issue, made on the basis of three new 25p shares at 140p per share for every two shares already held, is to fund the bulk of Aitken Hume's agreed £32.6m (£22.8m) bid for National Securities and Research Corporation (NSR), a U.S. investment fund management company.

The deal will give Aitken Hume its first direct U.S. presence and further strengthen its position in North America. Last September, it acquired a 29.6 per cent stake in a Canadian investment company, HCI Holdings, which is quoted on the Toronto Stock Exchange.

In retrospect, we would have preferred to finance the takeover of NSR in another way, such as by purchasing an investment trust," said Mr Scree. But the requirements of the U.S. Securities and Exchange Commission meant there was not the time to follow that route.

Aitken Hume's shares fell 3p yesterday to 157p, capitalising the company at £30m.

Associate loss hits Smith Bros. at halftime

AFFECTED BY losses from its associate pre-tax profits of Smith Bros. emerged little changed at £302,000 for the six months ended October 28. The dividend is held at 1p net per 25p share on enlarged capital.

The results for the half year have been announced earlier than usual to enable shareholders to be as fully informed as possible when considering the proposed association with N. M. Rothschild, the merchant bank.

Rothschild announced earlier this month that it was to pay £2.5m for a 29.5 per cent stake in Smith Bros. leading jobber on the London Stock Exchange.

For the opening six months market conditions were mixed. Turnover rose by nearly £11m to £34.9m, but taxable profits emerged at £302,000, compared with £311,000, after taking in a £141,000 share of associate losses against profits previously of £236,000.

The second half has started "satisfactorily" although the directors say it is too early to forecast the results for the full year—pre-tax profits for 1982-83 totalled £345m (£280,000) and a final dividend of 2p was paid.

Tax for the first half amounted to £410,000 (£476,000) after which earnings came through at 3p (3.5p) per share.

In his last annual statement, Mr A. J. Lewis, the chairman, said the group's strengthened balance sheet should allow it to maintain and improve its market position and to expand both domestically and internationally as opportunities arise.

Shareholders were told that trading over the first quarter had been encouraging, although it was impossible at the time to state results for the period ahead.

See Lex

Sutcliffe Speakman

Net losses of Sutcliffe Speakman were reduced from £159,000 to £10,000 in the half year to September 30 1983, on a lower turnover of £2.75m, against £3.22m.

At the operating level, profits rose by £19,000 to £22,000, before charging bank and loan interest of £136,000 (£181,000). The directors say the second half will have the benefit of engineering plant deliveries, resulting in an overall profit, after interest, for the year.

For the 12 months ended March 31 1983, the company improved on the turnover of £10.5m and earnings per 25p share were 3.7p. No dividends, however, have been paid since 1979.

First-half results of Sutcliffe Speakman's Carbon were adversely affected by carbon plant breakdowns, but operations of Sutcliffe Speakman Engineering showed a considerable improvement.

Earlier this year Mr H. Tillman, now vice-chairman of the group, mounted a cash offer for Sumrie, in concert with others. The offer party gained control of 50.06 per cent of the shares.

Sumrie Clothes

Although losses before tax of Sumrie Clothes rose by £80,000 to £94,000 over the six months ended October 1 1983, the directors believe the group will return to profitability by the year end.

They explain that the trading position of the manufacturing company is proving restorative, and that turnover is now almost 10 per cent up on last year. This percentage should be maintained, and possibly increased, turnover for the opening half rose to £1.34m (£1.26m). The loss included an exceptional debit of £16,000 (nil).

Earlier this year Mr H. Tillman, now vice-chairman of the group, mounted a cash offer for Sumrie, in concert with others. The offer party gained control of 50.06 per cent of the shares.

James Crean

James Crean, which has interests in beverages, electrical products and confectionery, raised its pre-tax profits by £137,000 to £1,020,000 over the six months to end-June, 1983 and the directors expect the second half to be better than the first.

An interim dividend of 4.125p net is being paid.

Turnover slipped from £41.6m to £41.27m. Attributable profits emerged at £574,000 (£398,000) after tax of £254,000 (£205,000) and minorities of £59,000 (£111,000). Last time extraordinary debits amounted to £293,000. Earnings rose to 5.89p (0.52p) per 25p share.

The group's overall position has strengthened over the past year. Because of a change in its financial year the directors have decided to adopt a dividend policy in which the amount of dividend paid at the interim stage would be approximately equal to the amount of the final.

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Bond to underwrite Airship rights and take bigger stake

BY DAVID DODWELL

THE Bond Corporation, owned by Australian entrepreneur Mr Alan Bond, is expected to acquire a stake of between 25 and 50 per cent in Airship Industries in the wake of a 57m rights issue unveiled yesterday.

Mr Bond, who shot into the limelight this summer when his yacht, Australia II, snatched victory from the U.S. in the Americas Cup, has agreed to underwrite the issue.

Airship Industries has struggled to get off the ground since it was launched on the Unlisted Securities Market in March this year after a 25m rights issue. Losses for the first half of the current financial year amounted to £2.33m, the company revealed yesterday. This compares with an expected loss of £1.5m, and with pre-tax losses for the 12 months to March 31 of £3.69m.

Mr Andrew Millar, the company's chairman, said yesterday in a circular to shareholders: "The loss has been anticipated and has seriously affected our planned cash flow, to the extent that new funds, in addition to the proceeds of the rights issue, are required to meet our needs."

The rights issue in February was only 63 per cent subscribed. Since then, Airship's share price has slipped from a flotation price of 140p to 90p yesterday—3p below the price at which shares were suspended on Monday.

The rights issue will take the form of an offer of 12.57m units, with each unit being made up of one ordinary share and one 12.57p convertible loan stock 1986-90 at 55p. The units will be issued at a price of 56p.

It will result in a doubling of the voting equity in the company. Mr Millar commented: "Pre-

sent shareholders have a straight choice. They either allow Mr Bond to acquire cheaply a holding in the company, or they come in to support the company themselves."

At the same time he made it clear that Mr Bond would be "disappointed" if he did not as underwriter come to control at least 25 per cent of Airship's expanded share capital.

Mr Millar blamed three factors for the company's disappointing performance: "Modifications to the Skyship 500 series required more time than expected. There were also delays in obtaining a certificate of airworthiness."

Failure to establish a Canadian subsidiary, and to raise funds in Canada. Fresh negotiations will begin in January.

Delays in certification led to delays in generating revenues at a time when outgoings were heavy.

Mr Millar nevertheless indicated that improvements were afoot. Six contracts had been completed, including one with Decca, the Japanese advertising agency, to provide aerial television coverage of the Los Angeles Olympics. This contract signed in November, is worth £1.5m (£1.06m).

As part of the deal with Bond Corporation, a Perth-based company which has major energy interests in Australia as well as owning the Swan Brewery, Mr Bond can, over the next six months, take up an option to make and sell Skyships through-out Australia.

He also has an option to buy a Skyship 500, the new-generation Skyship, which has yet to fly.

Mr Bond and two other Bond Corporation directors are to join the board of Airship Industries. Full details of the arrangement will be put before shareholders in a circular to be sent out on January 26, Mr Millar said.

Victoria Carpet up 50% but warns on second half

FIRST HALF pre-tax profits of Victoria Carpet

BIDS AND DEALS

Ault board agrees
£4.7m cash offer
from Sun Chemical

BY RAY MAUGHAN

Ault & Wiberg, the specialty chemicals, inks and paints manufacturer, has revived merger discussions with Sun Chemical, its principal shareholder.

While the first round of talks was halted in the summer when the two sides failed to agree a price, A & W is now accepting a £4.7m cash offer from Sun, a leading specialty chemical group based in New York.

The terms value each A & W share at 46p, which compares with net assets of 75p per share in the December 1982 balance sheet and a market price of 44p yesterday, up 11p, when dealing was resumed after suspension.

Sun has had a long-standing trading relationship with A & W and has also built up its holding in several stages to the point where it now stands at 45 per cent of the ordinary capital.

The independent directors, advised by Kleinwort Benson, said that they consider the terms to be fair and reasonable and intend to accept the offer in respect of their aggregate 0.7 per cent holding.

Mr Christopher Strang, the chairman of A & W, said yesterday that the merger with a very much larger specialty chemical group was welcomed because the board's plans for the future required significant spending which A & W could not meet from its own cash flow.

Restructuring of the ink manufacturing business in the past few years had been a costly process which has taken net debt to over 90 per cent of shareholders' funds.

A & W was in loss before tax for the first half of 1983 and Mr Strang said that it would have been difficult to fund the development of "really quite exciting new products," notably those in the detergent additives field, through a rights issue.

Take no action—Maynards

THE board of Maynards, the confectionery and toy chain, yesterday repeated its opposition to the partial bid for the company recently launched by supermarket chain Mr Lewis Cartier.

Mr Cartier's formal offer document, bidding for 51.8 per cent of Maynards' ordinary at 25p, was posted to Maynards shareholders on Tuesday.

As previously announced, Mr Cartier states that he is making a partial offer because he wishes Maynards to remain a listed company. He also proposes to sell off the CTN (confectionery, tobacco and news) retailing division and the confectionery manufacturing division, retaining only the Zodiac chain of toy shops.

The Maynards board says that it is considering the document, and will be writing to shareholders as soon as possible. In the meantime, it continues to believe that the partial offer is not in the best interests of Maynards shareholders or employees, and advises shareholders to take no action.

Maynards shares closed yesterday 25p up at 28p.

Courtaulds/Intl. Paint

Courtaulds has agreed terms for the acquisition of the 8.99m (12.22 per cent) ordinary shares in Courtaulds International Paint that it does not already own.

For every three International Paint ordinary 25p shares Courtaulds is offering five of its 25p ordinary shares.

The value of the minority shareholding is put at £18.9m, based on the December 21 price of 126p per Courtaulds ordinary, which values the whole of International at £154.5m. Taking a pre-suspension price of 150p per share for International the terms of the offer represent an increase in capital value of 40 per cent.

The acquisition by Bunge and Co. of J. Bibby Edible Oils is not to be referred to the Monopolies and Mergers Commission under the provisions of the Fair Trading Act 1973.

Hawley buys stake in
Birmingham stockbroker

BY RAY MAUGHAN

Hawley Group, the hub of a fast expanding network of quoted industrial subsidiaries and associates, yesterday joined the reorganisation of the financial services sector by taking a stake in a stockbroking firm. At the same time, it announced proposals for a significant injection of assets into Nu-Swift Industries, its fire protection affiliate.

Mr Michael Ashcroft, the chairman of Hawley, explained that the proposed acquisition of a 29.9 per cent stake in the five partner Birmingham firm of Fyke, Horton, Flannery and Co. with the equivalent share of its profits, "means that we are laying our marker down."

The firm used to represent Hawley Goodall, camping equipment group, which formed the basis for Mr Ashcroft's rapid expansion and acquisition, until the brokerage was taken over a few years ago by Capel-Cure Myers.

The Birmingham firm still acts on a joint basis with CCM, for Kean and Scott, quoted bedroom furniture, satellite within Hawley's orbit.

Hawley plans to expand in the financial services sector although

Mr Ashcroft said: "We shall see how things break" before committing himself to any definite course of action. He was convinced that of the smaller stockbroking firms, only those with low overheads and a stable private client base will survive the upheavals in the financial community "when the going gets tough."

The Hawley network also takes in Procroft, a licensed dealer used for merger broking, which Mr Ashcroft used to underwrite the rights issue of Pineapple, the USA dance company where Hawley has a stake.

The group is also set to play a major role in the reorganisation of Nu-Swift Industries. Hawley joined Mr Gaston Murray, the sole shareholder in European Fire Protection, to form September Purchasing. Purchasing will increase its stake in Nu-Swift at 44p per share.

Mr Murray and Mr Ashcroft joined the board and claimed to have produced a "more efficient and streamlined company." That was enough to take first-half profits this year from £286,000 to £306,000 but the benefits of this reallocation, they explained, "are essentially short term and do not

Royal Bank to confront
Lloyds on share stake

The Royal Bank of Scotland has written to shareholders to advise them that it is seeking clarification from Lloyds Bank of its intentions following Tuesday's purchase by Lloyds of a further 4.97 per cent stake.

In his letter to shareholders, Mr Michael Herrie, Royal chairman, says that the statement issued by Lloyds on Tuesday, "ignores our previously expressed willingness to sell our shares in Lloyds and Scottish to them at an appropriate price."

Lloyds Bank said that it was increasing its stake in Royal Bank to protect its known 100 per cent ownership in Lloyds and Scottish. Lloyds Bank currently

has a 60.3 per cent stake in the finance house and Royal holds 39.26 per cent.

Mr Herrie also points out to shareholders that the bank's ordinary shares have become "even more volatile" since Lloyds Bank appeared as a buyer, adding that the share price has "risen substantially" above that paid by Lloyds. Royal shares closed yesterday up 2p at 234p. Lloyds Bank purchased its shares at 205p on Tuesday.

Royal reaffirms that the bank has received "no bid approaches whatever." But he adds that the bank's directors "feel bound" to draw shareholders' attention to the present uncertainty as to Lloyds' intentions.

Approval for Anglo-Scot.
fund management change

Shareholders of Anglo-Scottish Investment Trust approved the controversial decision to shift the trust's management contract to CS Investments at a seven-minute meeting yesterday.

The Anglo-Scottish board, which dismissed Gartmore Investment Management in favour of CS Investments in early October, mustered support from nearly 16m proxy votes with only 2.6m against ahead of the meeting.

The decision to switch managers without first consulting its shareholders led to complaints from a number of institutions.

Three institutions and fewer than 10 private shareholders voted against the plan, according to Mr Eric Crawford, CS Investments' sole representative on the Anglo-Scottish board.

While the Stenhouse board has favoured the deal in principle it has rejected Reed's terms. Stenhouse holds 48.9 per cent of Reed Stenhouse's equity.

Reed Stenhouse has failed to win control of Stenhouse Holdings by the first closing date yesterday and while extending the offer to January 11, the Canadian insurance broker said it will not be increasing its £53m cash and equity offer.

Samuel Montagu, on behalf of Reed Stenhouse, announced that it had received acceptances for 13.7m shares, equal to 36.5 per cent of the equity of Stenhouse.

The extension process has favoured the deal in principle it has rejected Reed's terms. Stenhouse holds 48.9 per cent of Reed Stenhouse's equity.

BIDS AND DEALS IN BRIEF

The John Brown company is part of the worldwide engineering group of John Brown.

The scheme of arrangement to enable BTR to acquire the balance of Thomas Tilling issued ordinary shares became effective on December 22 following sanction by the High Court on December 19 and delivery to the Registrar of Companies of an office copy of the appropriate court order.

Mr G. McNamara has sold 591,862 ordinary shares of A and G Security reducing his interest to 2,861,100 shares (51 per cent). The shares disposed of have been placed, principally with institutional investors.

Stewart Naira subsidiary, Naira (Guernsey), has agreed to sell its 50 per cent interest in Al-Sabbir Village Sharjah, for a cash consideration of £1.35m. The group acquired the property in May 1983 for a sum equivalent to £250,570.

As at 3.30 pm on December 21 1983 Kennedy Brookes had received valid acceptances in respect of 1,692,285 ordinary shares of Wheelers Restaurants (99.48 per cent).

The offer remains open, and in March 1984 Kennedy Brookes intends to acquire compulsorily any outstanding shares.

BANK RETURN

	Wednesday December 21 1983	Increase (+) or Decrease (-) for week
BANKING DEPARTMENT		
Liabilities	£	£
Public Deposits	14,450,000	502,648
Bankers' Deposits	48,850,545	105,700
Reserve and other Accounts	1,655,883	5,197,941
	2,469,876,056	+ 113,614,368

Assets	£	£
Government Securities	477,433,485	+ 6,873,801
Advances and other Accounts	956,967,375	+ 9,567,032
Premises Equipment and other Secs	1,059,586,450	+ 2,421,705
Notes	596,718	+ 2,249,740
Cash	154,008	320
	2,469,876,056	+ 113,614,368

ISSUE DEPARTMENT

Liabilities	£	£
Notes issued	12,720,000,000	+ 560,000,000
In Circulation	12,714,105,282	+ 560,000,000
Banking Department	5,894,718	+ 2,249,740
Assets	£	£
Government Debt	11,015,100	+ 98,820,855
Other Government Securities	4,755,885,739	+ 461,179,155
Other Securities	7,982,102,161	+ 560,000,000
	12,720,000,000	+ 560,000,000

Suter opposes
plans for
Francis loan
conversion

FLANS BY Francis Industries, packaging, printed can and gear box components manufacturer, to convert loan stock into ordinary capital have been resisted by Suter Electrical, which holds a 24 per cent stake.

At an extraordinary meeting held on Wednesday to consider these proposals, Suter, refrigeration and air-conditioning group headed by Mr David Abell, called for a poll on two resolutions.

Francis explained that the conversion would strengthen the balance sheet and provide further scope for expansion by acquisition. However, Suter objected to these proposals and questioned the wisdom of buying out a medium dated stock, offering 9 per cent, at a premium to the prevailing price of ordinary shares.

Accordingly it called for a poll on the first resolution before the meeting, namely purchase of the unsecured loan stock 1984-89, and the sixth resolution which authorised the allotment of ordinary shares under the terms of conversion.

The poll will be held at the Institute of Chartered Accountants Hall between 3 pm and 4 pm on January 3 and Suter, which has persistently acquired shares in Francis, is confident that the group will not achieve the 75 per cent majority required by these special resolutions.

At the same time, Suter has strengthened its cash resources by selling 6 acres of land for £2m at Theale, Berkshire, which was surplus to the needs of its Prestolite business.

This contract is conditional on a satisfactory survey and formal planning consent being granted to the purchaser, a local industrial company, for the construction of a new plant for its own use. Completion is nevertheless envisaged by May 14 and Suter expects to realise a surplus of £1.8m before tax.

Ash and Lacy
joint venture

Ash and Lacy, the West Midlands galvanising and steel group, discussing a joint venture with BICC steel manufacturing subsidiary Balfour Beatty, was announced yesterday. The plan is to set up a new hot dip galvanising company, Western Galvanising.

Under the proposals 75 per cent of Western Galvanising's business will be conducted at Ash and Lacy's existing plants in Birmingham, Telford and London.

The other 25 per cent will use the facilities at the Balfour Beatty-owned painter Brothers plant in Hereford, which does light structural steel work. The new company is designed to provide constant work for the Hereford plant which is currently underutilised.

David Fletcher, group managing director of Ash and Lacy, expects the deal to be finalised in January, when the amount of money involved will be announced. No new jobs will be created as a result of the deal.

3i bid for Edith

Investors in Industry Group (3i) and Edith have reached agreement whereby the boards and their advisers Morgan Grenfell and Co., will recommend shareholders to accept the 37p cash share offer to be made by 3i for the 60 per cent of Edith shares it does not already own. The offer values the company at £58m.

Edith shareholders will have the right to elect to receive an equivalent nominal amount of loan notes, redeemable at par on three months' notice by the holder, instead of cash. The loan notes will carry interest at 4 per cent below three months' LIBOR and will be finally repaid on March 31 1984.

A second interim dividend of 1p per share will be paid to Edith shareholders upon the offer becoming unconditional.

Edith chairman, Viscount Caldecote and director H. J. Foulds have not participated in discussions as they are also directors of 3i.

MINING NEWS
Ergo-E. Dagga big
gold dump venture

BY KENNETH MARSTON, MINING EDITOR

A MAJOR joint venture for the re-treatment of old surface slimes (waste) mine dams for their gold content is proposed by South Africa's East Rand Gold and Uranium (Ergo), in the Anglo American Corporation group, and East Daggafontein Mines.

The scheme envisages 12 dams being taken over by Dumpeco, a wholly-owned subsidiary of East Dagga. In order to treat the material from 11 of the dams Ergo is to erect a 1m tonnes-per-month plant at a cost of R118m. The remaining dam will be preserved for later treatment. This will require a new R31.5m tailings dam to be built for the

Canada's Teck reduces
its losses in 1982-83

CANADA'S Teck Corporation reports a total loss for the year ended September 30 of C\$17m (£8.6m), or 65 cents per share, compared with a loss of C\$31.9m in the previous 12 months.

The latest loss includes an extraordinary debit of C\$11m which arises mainly from a write-down of the Afton copper smelter in British Columbia following the decision to sell future copper production in the form of concentrates.

Mr David A. Thompson, vice president and chief financial officer, said that Teck continued to be affected by low copper prices at its two major copper mines, but the other main divisions — gold, silver, zinc, niobium, oil and gas — were operating at a profit.

He pointed out that at the working level there was a profit from operations of C\$2.2m for the past year compared with a loss of C\$12.1m in 1981-82.

MINING NEWS IN BRIEF

Two drillholes do not make a mine, of course, but any good news from the Hemlo gold camp is taken seriously.

The Interlake property is a joint venture of Teck Corporation, International Corona Resources, Noranda, Gold Mines and Golden Sceptre Resources.

The joint venture companies can collectively earn a 100 per cent interest in the property, subject to a 40 per cent net profits interest which is reserved for Interlake.

Meanwhile, Dealings in the shares of Interlake Development Corporation have been suspended in Vancouver following the latest drilling at the Pezom group company's Hemlo area gold prospect. This is reported to have intersected two deep zones of mineralisation in which visible gold was present. Full assay results are expected early in January.

EAST DAGGAFONTEIN MINES, LIMITED
(Incorporated in the Republic of South Africa)

Directors: A H Lundin (Chairman), E W Baines, J M R Barro, C I von Christensen, J H Craig, P R A Ferguson, L Klingmann, O D S Redfern, K C Whyte.
Alternate Directors: C P Briggs, C E Dixon, A G Nette

Company Announcement

PRELIMINARY ANNOUNCEMENT IN REGARD TO THE FORMATION OF DUMPCO LIMITED AND A PROPOSED RIGHTS OFFER OF SHARES

Introduction
On 1 July 1983, East Daggafontein Mines, Limited ("the Company") and East Rand Gold and Uranium Company Limited ("Ergo") published a joint announcement in the press giving details of an agreement which they had entered into relating to the treatment of certain slimes dams. Subsequent to that announcement, further discussions have taken place between the Company and Ergo as a result of which it is proposed that the agreement signed on 1 July 1983 is to be replaced by new agreements ("the Dumpco proposals").

The Dumpco proposals
In terms of the Dumpco proposals, a company, Dumpco Limited ("Dumpco"), will be formed as a subsidiary of the Company. Dumpco will acquire slimes dams, all rights to slimes dams in respect of twelve slimes dams situated on the Far East Rand containing approximately 410 million tons of slimes. These slimes dams or rights to slimes dams will be acquired from the Company and from Johannesburg Exploration and Mining Corporation Limited, a subsidiary of the Company, for a consideration of R265,515; from Geduld Investments Limited ("Geduld") for a consideration of 250,000 Ergo shares and from Ergo for a consideration of R240,000. Of the amount due to Ergo, R110,000,000 is payable during February 1984, R10,000,000 during February 1985 and R3,000,000 during February 1986.

The formation of Dumpco will rationalise the major slimes dams on the Far East Rand into one slimes dam holding company. Ergo has undertaken to purchase slimes material from Dumpco and to treat this material at R18 million in escalated money terms.

The carbon-in-leach process will be employed initially and it is envisaged that this plant will be converted to the flotation process in the latter half of the 1980s. The material from the remaining slimes dam, being the Witkop Slimes Dam, is to be treated at the existing Ergo Plant. To preserve this dam for treatment, a new tailings dam is to be built at a cost of R31.5 million in escalated money terms by Ergo. Dumpco will be administered by Anglo American Corporation of South Africa Limited.

The purchase price payable by Ergo to Dumpco for material acquired by Ergo in terms of the agreement will be calculated in terms of the formula $P = k(R - C)$ where:
 P = the purchase price of material
 k = 0.50
 R = revenue derived from the sale of gold and any other minerals recovered by Ergo
 C = the cost of treatment of the material including all capital expenditure except for the initial capital costs.

East Daggafontein Mineral Holdings (Pty) Limited, a wholly owned subsidiary of the Company, will sell Slimes Dam 51.26 held by it, and a dump permit in respect thereof, to Ergo for a consideration of 375,000 fully paid up shares in Ergo. Of these Ergo shares, 250,000 will be utilised to settle the consideration payable to Geduld referred to above.

The disposal by the Company of the dump permits in respect of its slimes dams is subject to the approval of the members of the Company in general meeting.

The Taxexgulf agreement
With respect to the Taxexgulf agreement announced on 12 December 1983 regarding the acquisition of TG Exploration (Pty) Limited ("TG") and Juno Exploration (Pty) Limited ("Juno"), it has subsequently been agreed by the Boards of Directors of both the Company and Southern Prospecting (Pty) Ltd that the acquisition will be implemented by Southern Prospecting (Pty) Ltd ceding its rights and obligations in terms of the agreement entered into between itself and Taxexgulf Incorporated ("Taxexgulf"), to the Company. In addition, it has been resolved that the transfer of the 5% subscription right in respect of the Fochville Project would not take place at this stage. Consequently, the total consideration payable by the Company to Taxexgulf for the acquisitions is now R1.2m in cash and 100,000 shares in the Company.

Proposed rights offer of shares
In order of fund the cash consideration payable in terms of the Dumpco proposals referred to above, and to provide the Company with the capital necessary to finance the ongoing exploration activities of TG and Juno, the directors of the Company have resolved, subject to the necessary approval of members, to proceed with a rights offer of shares. This will necessitate an increase in the authorised share capital of the Company and the additional shares created being placed under the control of the directors for that purpose.

General meeting of members
A general meeting of members of the Company has been convened to be held on Monday, 16 January 1984, for the purpose of considering and voting on the resolutions required to enable the Company to implement the Dumpco proposals and to proceed with the rights offer. A circular and notice of general meeting, containing details with respect, inter alia, to the slimes dams, technical information and purchase considerations will be despatched to members of the Company today.

Details of the terms of the rights offer will be finalised in due course and members will be advised of these terms prior to the general meeting referred to above.

On behalf of the Board
A H LUNDIN
Chairman

C I VON CHRISTENSEN
Director

As at 3.30 pm on December 21 1983 Kennedy Brookes had received valid acceptances in respect of 1,692,285 ordinary shares of Wheelers Restaurants (99.48 per cent).

The offer remains open, and in March 1984 Kennedy Brookes intends to acquire compulsorily any outstanding shares.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY
Interim—Anchor International Fund.

FUTURE DATES

Interims:
AUM Jan 3
Ella and Everard Jan 11
Recal Electronics Jan 17

Finals:
Alexanders Discount Jan 23
Eurochem International Jan 23
Manchester Ship Canal Feb 13

CHATEAU LAGRANGE

has been acquired by a subsidiary of

SUNTORY LTD.

The Merchant Bankers and
Financial Advisors to the vendors
in this transaction wereCOMPAGNIE FINANCIERE
BARCLAYS,14, Rue de Castiglione
75001 Paris, FranceThe Merchant Banking subsidiary of
BARCLAYS BANK S.A.

This advertisement has been placed by Samuel Montagu & Co. Limited on behalf of Reed Stenhouse Companies Limited ("Reed Stenhouse").

To the Stenhouse Holdings shareholders

THE REED STENHOUSE OFFER WILL NOT BE INCREASED

Reed Stenhouse has received acceptances in respect of 36.5 per cent. of the issued share capital of Stenhouse Holdings.

Reed Stenhouse will not increase its Offer which has been extended and will remain open for acceptance until 3.00pm on Wednesday 11th January, 1984.

The Stenhouse Holdings board has failed to answer the questions raised by Reed Stenhouse. Your attention is particularly drawn to the following facts:-

- * The Reed Stenhouse Offer is worth 142.4p per Stenhouse Holdings share being an increase in capital value of 34.3 per cent. over the market price of 106p per Stenhouse Holdings share prior to the announcement of the Offer.
- * Mr Herbert Houghton, the immediate past Chairman, has resigned from the board of Stenhouse Holdings and has independently advised shareholders to accept the Offer.
- * The largest independent shareholder owning 20 per cent. of Stenhouse Holdings has accepted the Offer.
- * The Offer will unlock the discount between the Stenhouse Holdings share price and net asset value.
- * No alternative bidders have emerged despite an intensive international search by Stenhouse Holdings.

The Offer will not be increased - accept the Reed Stenhouse Offer now and obtain the benefits of a DIRECT interest in your company's principal asset.

Continuing as a Stenhouse Holdings shareholder is a most unattractive alternative.

* This figure is based on the Reed Stenhouse Class A share price of £51.25 as reported by The Toronto Stock Exchange and an exchange rate of £1=US\$1.77, being the share price and exchange rate at the close of business on 20th December, 1983. The Stenhouse Holdings share price is the middle market quotation derived from the Daily Official List of The Stock Exchange.

The directors of Reed Stenhouse (excluding Mr Arthur W. John and Mr Raymond C. Strange who are directors of Stenhouse Holdings, Mr Herbert Houghton who was until his recent resignation a director of Stenhouse Holdings but including those who have delegated supervision of this advertisement) have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are fair and accurate and each of the directors accepts responsibility accordingly.

NEW ISSUE

These securities have been sold. This announcement appears as a matter of record only.



25th November, 1983

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Japanese Yen 20,000,000,000
7 5/8% Yen Bonds of 1983, due November 25, 1993
(Fifth Issue)

Yamaichi Securities Company, Limited

The Nikko Securities Co., (Europe) Ltd.	Daiwa Europe Limited	Nomura International Limited
Algemene Bank Nederland N.V.	Bank of Tokyo International Limited	IBJ International Limited
Deutsche Bank Aktiengesellschaft	Nippon Credit International (HK) Ltd.	
LTCB International Limited		
S.G. Warburg & Co. Ltd.		

Abu Dhabi Investment Company	Amro International Limited	Julius Baer International Limited
Banco Commerciale Italiana	Banco del Gottardo	Banco Urquijo Hispano Americano Limited
Bankers Trust International Limited	Bank of America International Limited	Bank of Helsinki Ltd.
Bank Leu International Ltd.	Bank Mees & Hope NV	Banque Arabe et Internationale d'Investissement (B.A.I.)
Banque Bruxelles Lambert S.A.	Banque Française du Commerce Extérieur	Banque Générale du Luxembourg S.A.
Banque Indosuez	Banque Internationale à Luxembourg Société Anonyme	Banque Nationale de Paris
Banque de Neufville, Schlumberger, Mallet	Banque Paribas	Barclays Bank Group
Baring Brothers & Co., Limited	Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft	Bayerische Landesbank Girozentrale
Bayerische Landesbank Girozentrale	Bayerische Vereinsbank Aktiengesellschaft	Bergson Bank A/S
Berliner Handels- und Frankfurter Bank	Caisse des Dépôts et Consignations	James Copel and Co.
Chase Manhattan Capital Markets Group, Chase Manhattan Limited	Chemical Bank International Group	CIBC Limited
Citicorp Capital Markets Group	Commerzbank Aktiengesellschaft	Copenhagen Handelsbank A/S
Crédit Agricole	Crédit Commercial de France	Crédit Communal de Belgique S.A.
Crédit Lyonnais	Crédit Suisse First Boston Limited	Creditanstalt-Bankverein
Dai-ichi Kangyo International Limited	Den Danske Bank af 1871 Aktieselskab	Den norske Creditbank
DG BANK Deutsche Genossenschaftsbank	DBS Bank	Dillon, Read Overseas Corporation
Dominion Securities Ames Limited	Dresdner Bank Aktiengesellschaft	Drexel Burnham Lambert Incorporated
Enskilda Securities Skandinaviska Enskilda Limited	European Banking Company Limited	First Chicago Limited
Robert Fleming & Co. Limited	Fuji International Finance Limited	Genossenschaftliche Zentralbank AG Vienna
Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft	Gul International Bank B.S.C.	Goldman Sachs International Corp.
Groupement des Banquiers Privés Genevois	Hongkong Bank Group	Hamros Bank Limited
Hill Samuel & Co. Limited	Kleinwort, Benson Limited	Kansallis-Osake-Pankki
Kidder, Peabody International Limited	Lazard Brothers & Co., Ltd.	Kuwait International Investment Co. s.a.k.
Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)	Lloyds Bank International Limited	Lazard Frères et Cie.
Kuwait Investment Company (S.A.K.)	Samuel Montagu & Co. Limited	Manufacturers Hanover Limited
Lehman Brothers Kuhn Loeb International, Inc.	Morgan Grenfell & Co. Limited	Morgan Grenfell & Co. Limited
Merrill Lynch Capital Markets	Morgan Stanley International	Sol Oppenheim Jr. & Co.
Morgan Guaranty Ltd	Österreichische Länderbank	Pierson, Harding & Pierson N.V.
Orion Royal Bank Limited	Postbank AG	N.M. Rothschild & Sons Limited
PK Christiana Bank (UK) Limited	J. Henry Schroder Wagg & Co. Limited	Smith Barney, Harris Upham & Co. Incorporated
Salomon Brothers International	Société Générale de Banque S.A.	Sparbanken Oslo Akershus
Société Générale	Sumitomo Finance International	Sumitomo Trust International Limited
Sumitomo Finance International	Swiss Bank Corporation International Limited	Union Bank of Finland Ltd.
Union Bank of Switzerland (Securities) Limited	Vereins- und Westbank Aktiengesellschaft	Westdeutsche Landesbank Girozentrale
Dean Witter Reynolds Overseas Ltd.	Wood Gundy Limited	Zentralsparkasse und Kommerzbank, Wien, Z-Bank of Vienna

COMPANY NEWS

Pict losses reduced to £232,000 as exploration costs dip

EDINBURGH-based oil exploration company, Pict Petroleum, which is managed by Noble Grossart, has produced reduced losses after tax of £232,000 against £1.6m. for the year to the end of October 1983. There is again no dividend recommended for the year for this Unlisted Securities Market stock.

Losses were struck after reduced spending on exploration of £320,437 compared with £607,103. The directors say that the nature and timing of Pict's commitments are such that the major part of the exploration expenditure will not be incurred until the second half of 1984. They will be actively seeking during the next six months, an interest in oil production which will make the exploration expenditure to be incurred tax effective. Activities proposed for 1984 include a possible second well on block 3/14. In the second half of the year a first licence obligation well on blocks 49/20b and 49/25b will be drilled in the southern North Sea gas basin.

There is the possibility of a well late in the year on blocks 99/12 and 99/13 in the English Channel, and also in the second half on one of the onshore production licences in southern England.

There will also be further evaluation work on the onshore exploration licences with the object of converting at least one of them into a production licence during 1984.

At the end of 1982, they stated that they were seeking ways to create value for Pict's acreage while substantially maintaining

a strong cash position. This has been achieved, subject to Department of Energy approval, through a transaction with Whitehall Petroleum, a subsidiary of S. Pearson & Son. They also said that one discovery could, because of Pict's operational gearing, have a significant impact on value. This remains the position and there will be several wells drilled in the next 12 months any one of which could trigger success.

Losses for the year were after lower deposit interest of £328,000 against £530,000. Losses on oil and gas trading grew from £3,000 to £23,000. Administrative expenses rose from £149,000 to £154,000. Interest payable was down from £114,000 to £77,000. Currency losses were reduced by £4,000 to £74,000. Movements in provisions on investments and producing properties produced a credit of £88,000 (losses £118m).

Activities in 1983 included the award of a 10 per cent participation in blocks 49/20b and 49/25b in the southern North Sea, close to the indefatigable gas field.

A 25 per cent participation was awarded in two onshore exploration licences XL193 and XL194 in the Central Pennines on the eastern outskirts of Greater Manchester. Pict's partners are Moray Petroleum, Anvil and Enscot. There was confirmation in December that the XL193 and XL194 licence areas had been extended to the north and west by the award of a separate licence, XL207.

Bankers Investment Trust assets and revenue rise

Bankers Investment Trust increased net asset value per 25p share by 33.2 per cent from 127.3p to 169.6p in the year to October 31, 1983. Total assets, less current liabilities, were up by 51.5 per cent to a record of £68.38m.

Revenue was buoyant, reflecting some good UK dividend increases and the switch into overseas equity markets on a relatively attractive yield basis, the directors state. Total revenue of £3.1m, compares with £4.0m for the previous 18 months trading period—a 15.2 per cent rise on an annualised basis.

After expenses and interest payable of £295,623 (£403,236) and tax of £931,533 (£1,238m) net revenue came out at £1.74m, against £2.4m for the previous 18 months.

Earnings per share came out at 4.37p, compared with 6p for 18 months or 4p annualised. A final dividend of 1.70p makes a total of 4.10p for the year, against an annualised rate of 3.95p—an increase of 5.2 per cent.

The directors say the very severe decline suffered in the second half of the previous year has been arrested, and in the second quarter of the current 12 months a small but nevertheless significant surplus on trading was achieved.

The group's dependence on purchases from the U.S. has been reduced, the directors report. The recent further decline of the pound, while not having the same significance as in the past, may yet affect the second half adversely.

While the sector of the UK economy represented by the

cent. A one-for-one scrip issue is also proposed, and the directors forecast payments of at least 2.08p, on the increased capital, in the current year.

In the early part of the year the gradual portfolio switch out of the UK into the U.S. and Japan was accelerated and subsequently proved justified, the directors report. At the end, the portfolio was invested 55.2 per cent in the UK, against 50.3 per cent at April 30, 1980, 51.7 per cent (12.9 per cent) in North America and 5.9 per cent (1.7 per cent) in Japan.

The trust's investment policy is to increase the overseas weighting still further in the current year to nearer 60 per cent of the portfolio, with the main emphasis on North America and Japan, where, the directors say, investment prospects appear the most attractive.

On the basis of current revenue projections, the board believes that the target of 60 per cent weighting can be achieved while at least maintaining the dividend.

Willaire Systems reduces midway losses to £32,000

A SIGNIFICANT improvement in the first-half trading results of environmental control equipment maker Willaire Systems resulted in a reduction of taxable losses from £70,000 to £32,000. Turnover for the six months to September 30 1983 of this Unlisted Securities Market company advanced from £1.02m to £1.12m.

The directors say the very severe decline suffered in the second half of the previous year has been arrested, and in the second quarter of the current 12 months a small but nevertheless significant surplus on trading was achieved.

The group's dependence on purchases from the U.S. has been reduced, the directors report. The recent further decline of the pound, while not having the same significance as in the past, may yet affect the second half adversely.

While the sector of the UK economy represented by the

group's customer base has changed for the better, there are signs of growing interest, and the level of quotations for new business is substantially up on last year. Provided normal conversion rate of quotations can be maintained, a return to profitability should be seen, the directors conclude.

After a nil tax charge (credit £14,000) and extraordinary debts of £15,000 (£31,000)—including provisions for a termination costs of subsidiaries no longer trading—attributable losses came to £47,000 (£87,000). There is again no dividend.

Air Call

The rights issue called by USM company Air Call has met with a warm response by shareholders. Of the new shares offered, 98.5 per cent were taken up, and the balance has been sold in the market.

CONTRACTS

BT orders £7.25m optical fibre cable

British Telecom has awarded a £7.25m contract for the world's first international optical fibre undersea cable to STANDARD TELEPHONES AND CABLES. The 122 km cable, linking the UK and Belgium, is to be made in Britain by the company's submarine systems division. The investment is shared between four countries. Half will be held by British Telecom International, and the balance by three European telecommunications administrations—the Deutsche Bundespost of West Germany, the Belgian RTT and the Netherlands PTT.

TI ABAR, part of TI Reynolds, has won an order for two horizontal, vacuum furnaces which will be used in the Soviet Union for brazing turbine blades for the Siberian gas pipeline. The £800,000 contract has been placed by Liebherr, a German firm of West Germany, main contractors to the Soviets for a complete turbine repair plant. The order calls for two ABAR HR 50 x 48 furnaces with a 32 in diffusion pump, stainless steel inner tank, all metal hot zone and molybdenum elements. A full spares package and one complete replacement hot zone are included. The furnaces are to be delivered to the Soviet Union in mid 1984.

PARK AIR ELECTRONICS has been awarded a £500,000 contract by the Civil Aviation Administration of the People's Republic of China. Over 200 of the company's type 1250 and 1500 VHF AM transmitters and type 2100 receivers will be supplied to the Beijing Administration by next spring. Park Air Electronics is a subsidiary of A.L.

GLACIER METAL, a member of the AE Group, has orders from the People's Republic of China for bearing material worth nearly £500,000. The material is a tin-aluminium alloy bonded to steel from which crankshaft bearings for car and truck engines will be made.

The control gear division of BRUSH ELECTRICAL MACHINES, a Hawker Siddeley company, has received an order worth in the region of £500,000 for two synchronous motor inverters to save the Ministry of Defence £1,000 a day in fuel costs. The two 6MW drives, believed to be the largest installed in Britain, were ordered for the Royal Aircraft Establishment at Farnborough.

The drives will be used with a supervisory computer and switch panel for soft starting any one of 12 motors, one of which is rated at 27MW and will require two variable frequency inverter sets to be run in parallel, giving a total capacity of 12MW. This order complements a 2MW already in operation at RAE Farnborough which has produced savings of nearly £57,000 during the first 1,200 hours in operation.

The control gear division is building two vehicle test systems for Austin Rover. The orders are worth about £400,000 and are for the supply of test equipment to the Longbridge and Canley plants. The Longbridge order is for two end-of-production line roller-brake test rigs. The variable-wheelbase eight-roll rigs, due for delivery early in 1984, will be used on a range of models including the Triumph Acclaim. These are the first production vehicle brake-test rigs to be built by Brush.

A two-metre diameter rolling road and associated control system are to be supplied to Canley for research into engine noise, and harshness.

The Croydon division of BABCOCK-BRISTOL, part of the Babcock Industrial and Electrical Products group, has won two orders for pneumatic control drives for the Farakka power station in India. The orders worth £170,000, were placed by Bharat Heavy Electricals for delivery in December. The heavy-duty pneumatic actuators are controlled by a pneumatic positioner, and will be among the first installations of Babcock-Bristol's Type PFB positioner.

IAI has received an order from SEL-SystemService in West Germany to supply the equipment of Gabarone, the main airport in Botswana. The contract, worth in excess of £400,000, requires IAI Data Communications to supply a position status voice communications control system complete with Park Air Electronics VHF-AM transmitters and receivers plus antenna arrays. The installation will provide communications facilities for aerodrome and approach purposes at the airport. Equipment is due for delivery in mid 1984.

All temporary power distribution equipment associated with the construction of the new Falkland Island airfield will be designed and manufactured by V&P POWER under a contract worth approximately £500,000. The order was placed by the Leing-Mowlem-ABC joint venture.

CATERPILLAR TRACTOR COMPANY has contracted with Frazer & Eder, Maschinenfabrik GmbH and Co KG, Mainburg, West Germany, for the manufacture of certain additional models of track and wheel hydraulic excavators. The agreement provides for manufacture of three models of track excavators in sizes smaller than those currently built by Caterpillar, and four models of wheel excavators. The machines will be available initially in Europe, Africa, and the Middle East through Caterpillar dealers, and will meet needs principally associated with European construction.

A new British life-saving invention has won a major contract from the U.S. SMITH LADDER LIFELINE CO. at Park in Scotland, makes a safety system for ladder users which ensures that ladders do not fall over and that users cannot fall from them.

Vandermonde of Chicago, Illinois has placed an initial order worth \$800,000 (£408,000) and an agreement has been signed for the selling up of a plant between Vandermonde and Smith to market the product throughout the States. The Lampsit system was the subject earlier this year of a report to Members of Parliament "A New Era in Ladder Safety—Why the Law Should be Changed".

The British Safety Council, the report suggested that the system was such a step forward in ladder safety that existing regulations for the use of a ladder should be amended to prohibit the use (at work) of ladders without the system.

£5m Pentos office furniture ordered

PENTOS HOME AND OFFICE PRODUCTS GROUP has received a contract from the Property Services Agency Supplies for office furniture worth in excess of £5m. The contract begins on February 1 and covers a five-year period. Pentos Home and Office Products Group is a wholly-owned subsidiary of Pentos.

BRIAN WHITTY has been awarded a Banded Hospital contract by the Victoria Health Authority. Valued at £100,000, internal work comprises redecoration and minor refurbishment of seven wards. Included is updating of kitchens, installation of Parkes Baths for the disabled and the repair and replacement of floor coverings. Completion date is February.

Twenty BMWs, worth £250,000, have been ordered by Bygging from HEXAGON, Hightgate. Bygging is the UK subsidiary of the Swiss company, Waxoyl.

THE PHAROBY HOLMES process division has received an order, valued at £110,000, to supply dust extraction equipment for the Woolf Fisher Works, New Zealand Steel Glenbrook, South Auckland. The contract, placed by New Zealand Steel Development, comprises four Devanox scrubbers together with associated ductwork, fans and exhaust stacks.

IAI has received an order from SEL-SystemService in West Germany to supply the equipment of Gabarone, the main airport in Botswana. The contract, worth in excess of £400,000, requires IAI Data Communications to supply a position status voice communications control system complete with Park Air Electronics VHF-AM transmitters and receivers plus antenna arrays. The installation will provide communications facilities for aerodrome and approach purposes at the airport. Equipment is due for delivery in mid 1984.

All temporary power distribution equipment associated with the construction of the new Falkland Island airfield will be designed and manufactured by V&P POWER under a contract worth approximately £500,000. The order was placed by the Leing-Mowlem-ABC joint venture.

Private Placement

This announcement appears as a matter of record only.

December 19, 1983



EUROVIAS, CONCESSIONARIA ESPANOLA DE AUTOPISTAS, S.A.

¥5,000,000,000

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هذه امانه الراجحي

SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Friday December 23 1983

NEW YORK STOCK EXCHANGE 16-18
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WALL STREET

Picture on
rates dims
a little

CONFIDENCE in the outlook for U.S. interest rates in the new year melted a little on Wall Street yesterday as the bond market analysts weighed in with their opinions of the Commerce Department's reduced forecast of economic growth, writes Terry Byland in New York.

The stock market turned lower at mid-session when there was a bout of selling of airline and railroad issues which took the Dow Jones transportation average down by nearly 10 points at one time.

Industrial issues rallied before the close when the Dow Jones industrial average showed a fall of 1.32 points to 1253.66, with turnover again high at 106.7m shares.

A report that American Airlines would "match discount fares" appeared to threaten a return of the disastrous discount price wars which savaged airline industry profits.

Last month's 4 per cent rise in orders for durable goods was higher than expected and damped down some of the optimism in the bond market. An initial rise in the key long bond to its highest level for a fortnight was soon lost.

Business in the credit markets was

very thin as traders squared their books in preparation for the holiday and the burst of Treasury funding scheduled for next week. Rates at the auction of two-year notes rose by 27 basis points and the market remained doubtful over prospects for next week's funding programme.

In the stock market, there was heavy trading in the old shares of AT&T on what was effectively the last day on which payment can be guaranteed within the normal five trading days.

From today, AT&T shares will be traded with an attached coupon representing the stocks in the regional companies which will be formally created on January 1 when the break-up of the Bell system takes effect.

At one stage, the old AT&T dipped 5% to \$62½ while the new stock at \$18 shed 5%. Turnover in the two stocks far exceeded other stocks in the market with the exception of American Express which gained 3% to \$31½.

As the session progressed, some of the brighter sectors of the past two months ran into hefty profit-taking. Selling of both airline and rail issues hit the Dow Jones transportation average.

Among the weaker spots were UAL (United Airlines), \$2, down at \$38, and AMR (American Airlines) \$1½ lower at \$35½. Among the rail Burlington Northern, one of the strongest features of the past six months, dipped 3% to \$93½.

Utility stocks fell back sharply as the problems both of the cost and public acceptability of nuclear power projects upset investors. Cancellation of a nuclear plant planned by Carolina Power and Light sparked off widespread selling elsewhere in the utility area.

Stock in Public Service of Indiana halved to \$11½ in heavy selling after the state task force, recommending that its Marble Hill project be abandoned, added that the stockholders should bear a "substantial" portion of the estimated cost of \$7.7bn-plus.

Long Island Lighting, also meeting serious problems over its plant near Manhattan, plunged a further 5¼% to \$10½.

In the credit markets, yields continued to fall back, with the short end of the market helped by a drop in the Federal Funds rate to 9½ per cent. Three-month Treasury bills were discounted at below 9 per cent again, dipping four basis points to a discount of 8.96 per cent. The six-month bills at a 9.18 per cent discount were three basis points lower.

The key 2013 long bond reached 101½ yielding 11.85 against 11.88 per cent overnight. Dealers commented that the bond market, which will close at mid-session today, had all but gone home for the holidays.

LONDON

A quiet
resilience
remains

THE LAST full session in London stock markets before Christmas passed quietly, but leading industrial shares continued to penetrate into new territory. The FT Industrial Ordinary share index closed 4.2 up at a peak 776.2.

Of the constituents, Boverat featured with a rise of 9p to 264p, after 270p, on bid speculation while ICI reflected a combination of U.S. and domestic support to close with a gain of 12p at 680p. Grand Metropolitan provided a dull contrast, falling 8p to 337p following disappointment with its annual statement.

Elsewhere takeover speculation remained rife in the financial sector.

Government stocks gained ground, and gains at the longer end ranged to ¼, while shorter maturities finished around ½ better.

Details, Page 19; Share information service, Page 20-21.

TOKYO

Foreigners
cash in on
their gains

FOREIGN INVESTORS, who provided the driving force for Wednesday's surge in Tokyo stock prices, placed further substantial buy orders for big-capital issues yesterday while also cashing in on some of the recent gains. In a backlash from the sharp rise over the past two days, prices closed a shade lower with the market left directionless, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei-Dow Jones market average, which moved higher in the morning, in response to Wall Street's overnight rally and heavy foreign buying, fell below 9,700 at one point in the afternoon to close at 9,709.42 for a net loss of 8.23. Volume contracted to 486.53m shares from Wednesday's 745.19m.

Foreign purchases continued high in the morning session at 48m shares, against sales of 41m shares, according to Daiwa Securities.

A bout of profit-taking emerged as foreigners placed large sell orders after the two-day surge of 233 points in the Nikkei-Dow index. In the final hour, however, some securities firms sought chemical and synthetic fibre issues.

Investors are eager to earn profits by next Wednesday, the year's final trading day, but as there is growing fear about the market's prospects, it is likely to become increasingly nervous in the days ahead.

The heavy foreign buying of big-capital issues had little impact on the market yesterday. Nippon Steel remained unchanged at ¥170 and Sumitomo Chemical firmed ¥2 to ¥270. Mitsubishi Heavy Industries eased ¥2 to ¥270.

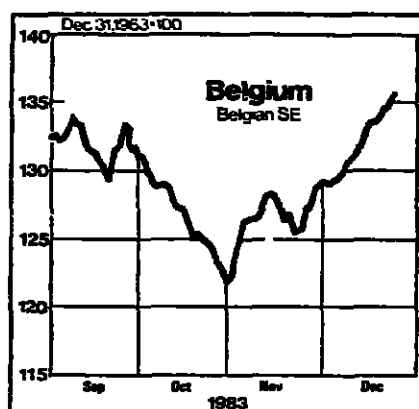
Blue-chip stocks lacked buying support. Matsushita Electric Industrial gained ¥10 to ¥1,900 and TDK ¥30 to ¥5,300, but Toyota Motor lost ¥20 to ¥1,430.

In response to higher prices for their stocks listed on the New York Stock Exchange in the form of American Depositary Receipts, Hitachi and Sony gained ground, rising ¥14 to ¥795 and ¥20 to ¥3,680 respectively.

Elsewhere, pharmaceutical issues generally gained strength, with Tanabe Seiyaku climbing ¥40 to ¥910. Paper-pulp and cotton-spinning issues were also in demand.

The bond market extended its advance in active trading. City banks, regional banks, trust banks, financial institutions serving the agricultural and forestry sectors, and industrial corporations bought bonds and sold again to take profits, causing some concern among investors about the market's outlook.

The yield on the benchmark 7.5 per cent government bond maturing in January 1993 plummeted at one point to a record low of 7.375 per cent, but rebounded in late trading to close at 7.39 per cent.



EUROPE

Seasonal
buying spree
caps peaks

A LATE pre-Christmas shopping spree took shares to record levels in many of the European centres yesterday. All-time highs were established in West Germany and the Netherlands while new 1983 peaks were set in France, Belgium and Switzerland.

In Frankfurt, the Commerzbank index of 60 leading shares advanced 9.1 to 1034.0 - surpassing the 1,031.9 peak set as far back as September 1980. The index has been nudging the re-

cord for some weeks. Yesterday's peak was attributed to chartist buying in the wake of optimistic economic forecasts for 1984 and the appearance of U.S. data indicating that the pace of recovery could be sustainable.

Domestic and foreign investors were active in the market, and while shares ended the session firm, they were off the day's highs.

Motor issues led the rally. Volkswagen added DM 7.20 to DM 214.70, after a high of DM 215.50 and BMW firmed DM 4 to DM 433, after DM 435.50. Daimler went against the trend, falling from a day's high of DM 653 to close DM 2 lower at DM 647.

Among higher banks, Commerzbank added DM 3.50 to DM 170.50 while Dresdner was DM 1 higher at DM 171.50 and Deutsche DM 2.10 ahead at DM 332.30. Of the Munich-based banks, Bayerische Verein added DM 12.50 to DM 323.50.

Allianz fell back DM 11 to DM 805 after raising its bid for the Eagle Star insurance group in the UK.

Domestic bonds continued the week's recovery, adding up to 40 basis points as sentiment improved in the wake of Wednesday's strong demand on U.S. credit markets.

A shortage of domestic paper was also pushing prices higher and the Bundesbank supplied the market with a very large DM 103.3m of paper after sales of DM 94.4m during the previous session.

In Amsterdam, where the traditional New Year rally is seen to have begun earlier than usual, shares were in some cases sharply higher.

The ANP-CBS index was 1.4 ahead at an all time high of 149.8, while the industrial index also peaked, up the same amount at 124.2.

While some strength was drawn from Wall Street, it was noted that the major force behind the market's rise was buying of domestic, rather than international, issues.

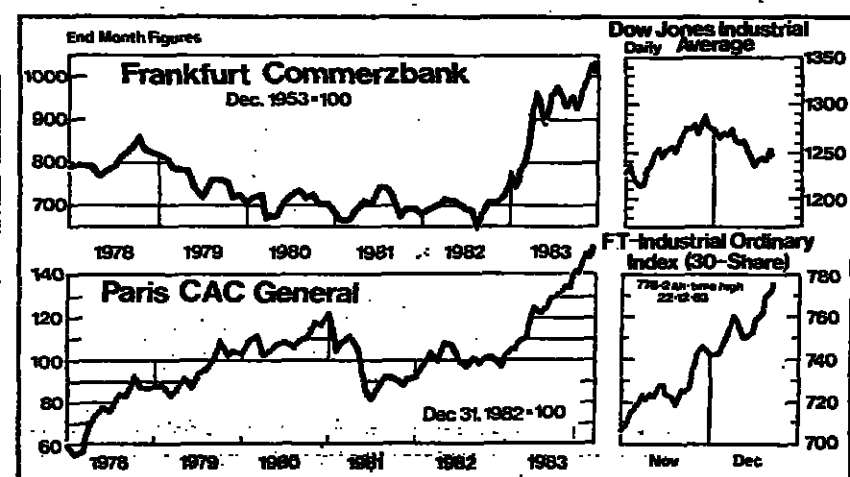
The retail group Ahold, which opened at a record FI 185, climbed to FI 186 for a rise on the day of FI 2.70. Insurer Natmed fell back from its record 1983 opening of FI 198.50 but was still up FI 4.3 at FI 197.80.

Profit-taking after recent gains left publishers weaker at one stage. Elsevier, which had gained FI 31 since the beginning of the week, shed FI 4 to FI 501 before rebounding to FI 509.

Bonds rallied in sympathy with the equity market.

Continued on Page 18

KEY MARKET MONITORS



STOCK MARKET INDICES				
	NEW YORK	Dec 22	Previous	Year ago
DJ Industrials	1253.66	1254.98	1035.04	
DJ Transport	587.07	596.79	447.02	
DJ Utilities	130.44	131.17	117.66	
S&P Composite	163.27	163.58	138.83	
LONDON				
FT Ind Ord	776.20	772.00	588.40	
FT-A All-share	469.84	468.05	378.96	
FT-A 500	501.43	499.30	418.87	
FT-A Ind	462.82	460.75	363.37	
FT Gold mines	579.20	580.10	528.10	
FT Govt secs	83.14	82.93	80.24	
TOKYO				
Nikkei-Dow	9709.42	9717.65	7772.32	
Tokyo SE	712.79	712.27	575.18	
AUSTRALIA				
All Ord	761.50	758.10	472.60	
Motors & Mins	550.80	546.30	384.30	
AUSTRIA				
Credit Aktien	55.69	55.78	49.94	
BELGIUM				
Belgian SE	135.97	135.18	96.88	
CANADA				
Toronto Composite	2532.79	2537.77	1872.70	
Montreal Industrials	422.60	442.98	314.87	
Combined	425.72	426.42	311.79	
DENMARK				
Copenhagen SE	208.24	204.44	95.28	
FRANCE				
CAC Gen	152.90	149.70	98.80	
Ind. Tendance	165.10	160.50	119.50	
WEST GERMANY				
FAZ-Aktien	349.33	346.23	250.12	
Commerzbank	1034.00	1024.20	754.20	
HONG KONG				
Hang Seng	863.56	857.56	748.26	
ITALY				
Borsa Comm.	189.24	189.65	168.25	
NETHERLANDS				
ANP-CBS Gen	149.80	148.40	98.40	
ANP-CBS Ind	124.20	122.80	82.90	
NORWAY				
Oslø SE	218.34	214.86	95.08	
SINGAPORE				
Straits Times	984.84	981.83	723.52	
SOUTH AFRICA				
Gold	858.10	860.80	868.20	
Industrials	944.00	941.80	728.70	
SPAIN				
Madrid SE	117.77	118.14	100.10	
SWEDEN				
J & P	1444.33	1451.77	876.53	
SWITZERLAND				
Swiss Bank Ind	381.40	375.70	279.70	
WORLD				
Capital Int'l	180.60	179.20	150.90	
GOLD (per ounce)				
	Dec 22	Prev		
London	\$377.875	\$378.375		
Frankfurt	\$379.00	\$378.75		
Zurich	\$378.75	\$378.75		
Paris (filing)	\$376.75	\$378.65		
Luxembourg (filing)	\$379.75	\$378.55		
New York (Dec)	\$382.00	\$377.80		

* Latest pre-close figure; † Latest available figure

AUSTRALIA

CONTINUED foreign buying overcame a hesitant start in Sydney and the market closed firm in active late trading. The All Ordinaries index added 3.3 to a record 781.5.

Wall Street's gain together with firmer base metal prices and a steady gold price boosted minings. Oil and gas issues were mixed but chemicals, banks and insurance stocks firmed.

Some 5.04m Carlton and United Breweries shares were traded leaving CUB down 5 cents at A\$3.85 in Sydney and 8 cents off at A\$3.82 in Melbourne.

SINGAPORE

SHORT COVERING and some speculative buying induced a mild rally in Singapore and the Straits Times industrial index put on 3.01 to 984.84.

Buying interest was spread throughout the market. Chuan Hup Marine was again actively traded adding 15 cents at S\$2.87. Among other actives, Cerebos gained 11 cents to S\$3.62 but Sime Darby shed 1 cent to S\$2.43.

The plantation sector, which had firmed against the trend during the previous session, continued to advance on expectations of higher palm oil prices in the medium term. Consolidated Plantations and K. L. Kepong each gained 4 cents to S\$3.20 and S\$3.14 respectively.

HONG KONG

SELECTIVE BUYING of blue chip issues took an otherwise very quiet Hong Kong market higher and the Hang Seng index added 6 points to end at 863.56.

Among leaders, Hutchison Whampoa rose 40 cents to HK\$14.50 and Jardine Matheson added 20 cents to HK\$11.10. Of the property issues, Cheung Kong firmed 5 cents to HK\$7.10 while Hongkong Land and Swire Properties were unchanged at HK\$2.82 and HK\$4.65 respectively.

SOUTH AFRICA

BUSINESS turned very quiet for Johannesburg gold shares but prices held all but steady, with Randfontein crawling 50 cents lower at R170.50.

Of the mining financials Amgold stood out with a R1.50 rise to R133 while Anglo-American itself held at R19.50.

On the industrial side gains led losses by a two to one ratio, embracing 10-cent gains apiece for Barlow Rand at R13.25 and Breweries at R7.60.

CANADA

ENTHUSIASM fell away after a firmer Toronto opening, with activity greater than usual among industrials but oil and gas issues receiving the most decisive gains. Neither golds nor base metals could manage to establish any clear direction.

Industrials were similarly immutable in Montreal, with banks also flat, while setbacks were to be found among the utilities.

This announcement appears as a matter of record only.

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(National Bank of Hungary)

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The Tokai Bank, Limited

The Mitsui Trust and Banking Company, Limited

The Bank of Yokohama, Ltd.

The Nippon Credit Bank, Ltd.

The Nippon Trust and Banking Co., Ltd.

The Sumitomo Trust and Banking Company, Limited

The Kyowa Bank, Ltd.

The Toyo Trust and Banking Company, Limited

The Hokuriku Bank, Ltd.

The Norinchukin Bank

Agent

The Long-Term Credit Bank of Japan, Limited

Agent

The Fuji Bank, Limited

Tranche C
Provided by

International Bank for Reconstruction and Development

The Long-Term Credit Bank of Japan, Limited

October, 1983

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Continued on Page 17

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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12 Month	High	Low	Stock	P/E	Div. Yld.	100s High	Low	Open	Close	12 Month	High	Low	Stock	P/E	Div. Yld.	100s High	Low	Open	Close	12 Month	High	Low	Stock	P/E	Div. Yld.	100s High	Low	Open	Close	12 Month	High	Low	Stock	P/E	Div. Yld.	100s High	Low	Open	Close
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EUROPE

The first day of the new trading account gave Paris its usual boost though the bourse was also helped by a drop in call money, back below the 12 per cent level to 11½ per cent.

Fresh funds were also placed by savings investment account managers ahead of the December 31 tax-break deadline.

The CAC general index advanced 3.20 to 152.9; the index was rebased at 100 on December 31, 1982.

Among leading shares to trade limit up were Petroles BP, FFfr 4.80 higher at FFfr 161.80 and Roussel-Uclaf, FFfr 40 ahead at FFfr 678.

Active trading was seen in Brussels and the Stock Exchange index edged 3.79 higher to 135.97. Among the best performers, Petrofina added BFr 100 to BFr 6,050, inspired by the performance of oil stocks on Wall Street.

The chemical company UCB rose BFr 45 to BFr 4,245 following market speculation that the company will merge with the Solvay chemical group, despite a denial from Solvay.

The latest OECD economic forecast together with falling Eurofranc rates contributed to Zurich's strength. The Swiss Banking Corporation index added 5.7 to

Oerlikon-Bührle was again firm, ending at SwFr 1,350, a rise of SwFr 70, while Brown Boveri rose SwFr 20 to

SwFr 1.400.

Bonds were firm in thin trading. Another high for the year was recorded in Norway, where the Oslo SE index was 3.48 higher at 218.34.

Elsewhere an easier mood prevailed. In Milan, Olivetti gained L69 to L3,880 following its link with AT&T of the U.S. during official trading, having been quoted at L3,950 in the after-bourse on Wednesday.

Wednesday.
Madrid was steady to slightly easier with sharp gains in steels offset by declines in foods, monopolies and electricals.

Stockholm was also weaker although Pharmacia continued its rally, adding SKr 10 to SKr 333 following its recent sharp fall.

[illegible]

High	Low	Stock	Div. Yr	P/E	100s	High	Low	Change	Percent
22	22	WasteW	48	32.9	17	154	143	15	10
22	22	Woodc	44	10.7	128	43	40	43	40
18	14	Womani	80	27.6	191	226	22	26	24
20	20	Worlde	130	51.0	388	363	352	31	31
3	3	Wolke	p242.40	1	51	51	51	51	51
3	3	WingAr	144	27.0	41	5	4	4	4
3	3	Worlde	130	51.0	388	363	352	31	31
3	3	Wurter	38	38	38	38	38	38	38
3	3	WyleIn	24	10.3	37	225	234	254	254
3	3	Wynne	80	31.7	34	152	15	18	18

X - Y - Z									
High	Low	Stock	Div. Yr	P/E	100s	High	Low	Change	Percent
36	36	Xerox	35	61.1	459	509	498	49	49
48	48	Yarn	p65.11	1	363	363	363	363	363
20	20	YTRA	18	2.2	23	23	23	23	23
20	20	ZabCo	128	41.8	249	317	304	31	31
24	24	Zagana	84	52.6	68	154	154	154	154
24	24	Zagana	5	30.7	7	25	25	25	25
13	13	Zenith	41	940	35	34	34	34	34
13	13	Zenith	41	940	35	34	34	34	34
13	13	Zero	3	13.2	18	25	25	25	25
13	13	Zero	3	13.2	18	25	25	25	25

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NEW YORK—DOW JONES									
	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 15	1983		
							High	Low	
Industrials	1253.58	1254.88	1241.97	1244.81	1242.17	1236.78	1287.2 (20/1)	174.38 (3/1)	
Transport	587.87	588.78	581.88	580.8	586.15	585.76	612.57 (20/1)	434.24 (3/1)	
Utilities	138.44	131.17	138.78	138.54	131.82	131.55	140.7 (21/26)	119.46 (3/1)	
Trading vol 10000's†	10664	10808	8374	7516	8183	8838	-	-	
				Dec 8	Dec 2	Nov 25			
Ind div yield %				4.47	4.45	4.48			
STANDARD AND POORS									
	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 15	1983		
							High	Low	
Industrials	164.11	164.24	162.24	162.78	162.6	161.84	183.22 (20)	156.05 (3/1)	
Corporates	163.27	163.58	162.8	162.32	162.38	161.87	170.95 (20)	138.74 (3/1)	
Ind div yield %				Dec 21	Dec 14	Nov 26			
Int. P/E Ratio				3.77	3.78	3.72			
Ltng Co Bond Yield				13.37	13.33	14.43			
				11.78	11.90	11.49			
N.Y.S.E. ALL COMMON									
	Dec 22	Dec 21	Dec 20	Dec 19	1983		RISKS AND FA		
					High	Low	Dec 22		
- - - - -					442.62 (8/31)	73.78 (04/1)	Issues traded	2054	
							Rises	726	
							Falls	114	
							Unchanged	485	
MORTGREAL									
	Dec 22	Dec 21	Dec 20	Dec 19	1983				
					High	Low			
Industrials	642.8	642.89	637.89	638.67	683.005/5				
Commodities	425.72	425.82	421.83	421.47	441.280/5/5				

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Dec. 22	Price Kroner	+ -
Borgens Bank.....	146	+3
Borggaard.....	300	+2
Christiania BK.....	145	+5
Oslo Hørsk Credit	155	+5
Bank.....	122	+1
Oslo Data.....	259	+1
Oslo Hydro.....	490	+6
Oslo Brand.....	180	+4

Dec. 22	Price Pct%	+ -
co Silbaco	251	
co Central	259	-2
co Exterior	193	
co Hispano	202	
co Santander	256	-1
co Vizcaya	318	
ragados	107	2
teléfonos	45.2	+0
terruero	42.2	+0
teléfonos	97	-2
teléfonos	77	-1

SWEDEN		Price	±
Dec. 22		Kronor	o
GA		335	-7
fa-Laval		272	-5
SEA (Free)		410	
stra (Free)		590	
as Copco		114	
ilden		368	-5
ardo		380	+5
ilulosa (Free)		165	+1
estrolux B		241	-2

John Doffaga	430	+7
Armar Macfarlane	553	+10
Ab Skania	282	-1
Lundvik B (Free)	275	-10
Landia	460	-12
Kan Enskilda	302	+7
CF B	160	-1
Kopperberg	665	+4
Handelsbn	205	+2
Swedish Match	289	
Olivo B (Free)	435	+1

Dec. 32	Price Frs.	—
usuisse.....	880	+43
Bank Lou.....	4,275	+25
John Boveri.....	1,400	+20
da Geigy.....	2,420	+50
Co. (part Certs).....	1,970	+60
edikt Suisse.....	2,270	+10
ektrowatt.....	2,600	+10
cher (Geo.).....	543	+8
nevoisole.....	3,900	+10
ff-RochesPöts.....	195,58	+25
ff-Roches 1/10.....	10,690	+10
cobs Suchard.....	6,550	-75
	1,950	+

Dr. Buehrle	1,350	+70
Reilly	857	+2
Indoz (Br)	7,400	+50
Indoz (PtCts)	1,150	+15
Hindler (PtCts)	475	+15
Missal	990	+20
Rise Bank	515	+2
Rise Reinace	8,000	+10
Rise Volkabk.	1,450	+10
Rise Bank	3,450	-20
Interthur	2,350
Rich Ins.	10,100

France Compagnie's	
High	Low
207.2	41.32
(1986)	(1986)
12.57	12.23
(1986)	(1986)
33.32	18.05
(1986)	(1986)
Age Appraisal	
5.31	
France Compagnie's	
High	Low
20.22	3.82
(1986)	(1986)
10.96	11.6
(1986)	(1986)
Age Appraisal	
4.51	
10.09	
18.45	
21	28m
27	29.96
18	(1986)
10	5.35
19	4.25
Cost	
128,124/1	
371.45/1	
AUSTRALIA All Prod. (1/18) Metals & Min.	
AUSTRIA Credit Alkies	
BELGIUM Belgian Sec R	
DENMARK Copenhagen	
FRANCE CAC General Ind Tendancy	
GERMANY FAZ Aktien & Commerzb	
HONG KONG Hang Seng B	
ITALY Borsa Comm	
JAPAN Nikkei Dow J Tokyo Be Net	
NETHERLANDS ANP-BOSS ANP-CS Ind	
NORWAY Oslo Se (4/18)	
SINGAPORE Straits Times	
SOUTH AFRICA Gold (1985) Industrial (19	
SPAIN Madrid Se (5	
SWEDEN Jacobson &	
SWITZERLAND SwissBank	
WORLD Capital Intl.	
(see p 10)	
Base value	

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Onkbrings	0.63	+0.96	Sankyo	560	7
Onkai	0.63	+0.96	Sankyo	563	6
Onkon	1.18	+0.86	Saporo	592	-
Pioneer Co.	2.0	+0.87	Seikiso Elevator	592	+2
Resnick & Co.	2.5	+0.81	Seven-Eleven	595	+6
Ryohin	2.28	+0.81	Shimizu	750	-
Saito	7.66	+0.84	Shimadzu	530	-1
Smith (H.)	4.18	-0.92	Shinagami	740	-8
Southland Mfg.	0.16	+0.71	Shiseido	590	-90
Sumitomo	2.25	+0.81	Shokai	600	+15
Tech. Nat'l's	3.25	+0.81	Shonjo	595	-80
Tooth	6.0	-0.92	Sigma Elect.	910	-11
UNAL Co.	5.45	+0.85	Sigma Marine	252	+10
Yamaga	5.4	+0.1	Sinobank	595	-10
Western Mining	2.5	+0.81	Taihei Denryo	573	+10
	2.59	+0.81	Taihei Corp.	280	-

Normal Ind.	5.05	-0.02
Teijin	594	-5
Teikoku Oil	776	+5
Tokai Marine	547	+5
TBS	975	+5
Tokai Electric Pow.	1,040	+20
Tokyo Gas	141	-2
Tokyo Sampo.	681	+4
Tokyo Style	585	+16
Tokai Steel	308	-
Toppan Print.	695	-9
Toray	410	+9
Toshiba	404	-1
Tokai Transp.	871	-1
Tokyo Sankyo	682	-15
Toyoda Motor	430	-20

KK	7.0	Yamamoto	1,560	-20
KK Shantou Bk	7.0	Yamamoto	769	-11
KK Telephone	33.5	Yamamoto	769	-11
Hutchison Vn	14.5	+0.5	Yamamoto	825	+5
Jardine Wash	11.1	+0.2	Yamamoto	450	+5
Keppel World Rev	2.6			
Orient Overseas	2.6			
O'Sass Trust Br	2.7			
SKN Pao	4.75	+0.25			
SKN Pao A	4.75	+0.25			
Wharfedale	1.52			
World M B'line	1.75			
Who Int. Holdings	1.52			

SINGAPORE			
	Dec. 22	Price \$	+ or -
Boatland Bhd	2.93	+0.06	
Gold Storage	6.15		
DBS	10.0	+0.05	
Pratt & Neave	6.8		
Republic	6.8		

Dec. 22	Price	+ or -
Allomoto	1,090	-20
Alice Electric	992	+15
Asahi Chem	398	-78
Asahi Glass	780	+30
Bridgerton	1,510	+80
Casio Corp.	1,410	+20
Chugai Pharm.	1,080	+13
Dai Nippon	996	+7
Dai Nippon Pkg.	907	+7
Kanpei Shipyard	3,521	+0.84
Maya Baking	1,065	+0.65
Maya Brew	1,065	+0.65
Osaka Purpoe	1,682	+0.18
Osaka	11,320	+0.18
Shimizu	4,588	+0.18
Shimizu Str. Mach.	1,677	+0.21
Suzuki Trdg.	5	+0.21
YOB	6,775	+0.26

SOUTH AFRICA		
Dec. 22	Price	+ or -
Anglo American	1,000	+0.01
Anglo Coal	1,000	+0.01
Anglo Gold	1,000	+0.01
Anglo Iron	1,000	+0.01
Anglo Lead	1,000	+0.01
Anglo Zinc	1,000	+0.01
Anglo Steel	1,000	+0.01
Anglo Textile	1,000	+0.01
Anglo Tobacco	1,000	+0.01
Anglo Paper	1,000	+0.01
Anglo Rubber	1,000	+0.01
Anglo Glass	1,000	+0.01
Anglo Cement	1,000	+0.01
Anglo Petroleum	1,000	+0.01
Anglo Chemical	1,000	+0.01
Anglo Pharmaceutical	1,000	+0.01
Anglo Electrical	1,000	+0.01
Anglo Mechanical	1,000	+0.01
Anglo Transport	1,000	+0.01
Anglo Shipping	1,000	+0.01
Anglo Insurance	1,000	+0.01
Anglo Banking	1,000	+0.01
Anglo Finance	1,000	+0.01
Anglo Real Estate	1,000	+0.01
Anglo Agriculture	1,000	+0.01
Anglo Forestry	1,000	+0.01
Anglo Mining	1,000	+0.01
Anglo Manufacturing	1,000	+0.01
Anglo Commerce	1,000	+0.01
Anglo Industry	1,000	+0.01
Anglo Services	1,000	+0.01
Anglo Utilities	1,000	+0.01
Anglo Telecommunications	1,000	+0.01
Anglo Media	1,000	+0.01
Anglo Entertainment	1,000	+0.01
Anglo Sports	1,000	+0.01
Anglo Leisure	1,000	+0.01
Anglo Hospitality	1,000	+0.01
Anglo Retail	1,000	+0.01
Anglo Wholesale	1,000	+0.01
Anglo Distribution	1,000	+0.01
Anglo Logistics	1,000	+0.01
Anglo Transportation	1,000	+0.01
Anglo Infrastructure	1,000	+0.01
Anglo Construction	1,000	+0.01
Anglo Engineering	1,000	+0.01
Anglo Architecture	1,000	+0.01
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Anglo Planning	1,000	+0.01
Anglo Consulting	1,000	+0.01
Anglo Research	1,000	+0.01
Anglo Development	1,000	+0.01
Anglo Investment	1,000	+0.01
Anglo Management	1,000	+0.01
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Anglo Marketing	1,000	+0.01
Anglo Sales	1,000	+0.01
Anglo Distribution	1,000	+0.01
Anglo Retail	1,000	+0.01
Anglo Wholesale	1,000	+0.01
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Anglo Production	1,000	+0.01
Anglo Marketing	1,000	+0.01
Anglo Sales	1,000	+0.01
Anglo Distribution	1,000	+0.01
Anglo Retail	1,000	+0.01
Anglo Wholesale	1,000	+0.01

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USAL	2,580	+140	Zemlin	14.25	
Alcalá	911	+1	Zustenburg	15.3	-0.1
Calima	308		Age Higgs	6.8	
Calima	666	-5	A Brews	7.6	+0.1
Cashiyama	572	-7	Smith (C.G.)	34.25	
Grin	815	-1	Crump Higgs	10.5	
Kokuyo	307	-8	INCO	5.1	
Koyatsu	545	+10			

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. \$ Denotes

(7/1/80)	781.4 568.8	786.1 546.5	757.9 545.4	755.7 541.5	761.4 (22/18) 614.2 (5/6)	467.9 (4/1) 411.8 (5/1)
(1/4/82)	55.65	55.75	55.51	55.53	55.5 (5/5)	46.48 (15/1)
(1/8/82)	125.87	125.18	124.79	124.46	125.57 (22/18)	126.59 (4/1)
(1/10/1/85)	(u)	204.44	202.25	201.55	204.44 (22/12)	199.55 (5/1)
(12/8/82)	132.5	148.7	148.2	148.1	152.9 (22/12)	35.1 (5/1)
(12/12/82)	125.8	148.7	155.5	159.5	155.7 (22/12)	35.9 (5/1)
(1/6/84)	540.53	545.52	545.55	544.12	545.22 (22/12)	541.55 (5/1)
(12/12/85)	1024.0	1024.0	1021.2	1018.5	1049.4 (22/12)	727.5 (5/1)
(31/7/84)	955.55	957.55	955.55	957.55	1122.94 (2/17)	659.58 (4/10)
(1/1/87.2)	182.94	182.85	182.54	182.45	814.35 (2/15)	182.45 (14/1)
(1/4/1/88)	9709.25	9717.55	9572.55	9484.74	9717.55 (22/12)	7858.18 (25/1)
(1/4/1/88)	712.75	712.87	705.55	701.25	712.75 (22/12)	574.35 (5/1)
(1/1/1970)	142.8	148.4	147.8	147.7	148.8 (22/12)	125.1 (4/1)
(1/1/1970)	124.2	125.8	125.5	122.7	125.5 (22/12)	83.9 (4/1)
(1/8/82)	218.24	214.85	215.35	212.15	218.54 (22/12)	215.01 (4/1)
(1/8/82)	994.34	981.53	986.74	982.51	989.55 (7/2)	712.23 (5/1)
(1/8/82)	(u)	930.8	945.2	954.7	1089.5 (7/2)	561.4 (1/1)
(1/8/82)	(u)	941.8	957.9	955.5	955.7 (5/5)	704.2 (4/1)
(1/8/82)	117.77	116.15	115.24	(c)	125.14 (10/11)	55.85 (7/1)
(1/1/80)	1444.55	1451.77	1449.25	1445.04	1335.55 (22/12)	895.15 (5/1)
(31/12/88)	281.4	275.7	272.2	271.5	351.4 (22/12)	284.4 (4/1)
(7/8)	-	166.5	170.2	175.7	183.7 (16/10)	164.5 (5/1)

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Capital Inc. 11,380 Debt 11,380 Equity 11,380 Income 11,380 Net Worth 11,380 Total Assets 11,380 Total Liabilities 11,380 Total Equity 11,380	11,380 11,380 11,380 11,380 11,380 11,380 11,380 11,380
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Total Liabilities 11,380 Total Equity 11,380	11,380 11,380
Total Equity 11,380	11,380

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ACROSS

1 Funfair item, like Christmas with love in earth (5,2-5)
10 City boxer, possibly (7)
11 Ship—lot, including sails (7)
12 Interchange with explosive uses (5)
13 A record has, classically, all the letters (8)
15 Am I unable to prize a type of bridge? (10)
16 Bring up from behind (4)
18 Seaweed in Trafalgar Square (4)
20 Criticise engine noise? A pun may follow (5,5)
21 What country? It needs to be disposed of (4-4)
22 Test case? (5)
26 Like the foregoing, a non-drinker's almost hollow (7)
27 Oeuvre de chef? (7)
28 Funfair items—clown, crazy is coming (8,5)

DOWN

2 Football club—Orient, wearing green? (7)
3 Another sort of football—find one article in Ukraine (8)
4 Bull's blood? (4)
5 Flood of light, reference to went (10)
6 By the way, reference to the establishment (10)
7 You're not so low, say, as Keop or Hittite (5)
8 Margaret the writer's d—mob (7)
9 Funfair item, like the Settler (7)

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Alliance International Dollar Reserve			
Distribution Dept 14-18, 001-201-20			
Heinrich Decey 21	\$47.50	19.20%	
Quasar Dec 31	\$47.50	+0.04	
Quasar Dec 31	\$47.52	+0.04	
Aries Fund Managers Ltd			
P.O. Box 284, St Helier, Jersey, 0534 72			
Bamford Brandt Guymony Mingit Ltd			
P.O. Box 71, St Peter Port, Guernsey, 0441 28			
TechnoComs	\$7.92	8.40	0.01 28
ElectricBlue	\$16.90	19.01	0.01 28
ElectricBlue	\$20.00		
Brown Shipley Tat Co (Jersey) Ltd			

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1. **EMS**
In which year did
 - a) The DM revalue by 5% against the Danish krone and 2% against other EMS currencies.
 - b) The Italian lire devalue by 6% against EMS currencies.
 - c) Netherlands guilder revalue by 5.5%
2. **FUTURES**
Explain the following initials
GNMA — LIFFE — KCBT — CFTC
3. **PAYMENTS SYSTEMS**
Which UK supermarket group has arranged for the four major UK clearing banks to open ATMs within one of their largest stores and which one.
4. **TOP 500—1983**
How many U.S. banks are included within the listing of The Banker's Top 500 largest commercial banks in the world (June issue) measured by asset size 117 or 122 or 93.
How many Japanese banks 52 or 69 or 61.
How many West German banks 48 or 44 or 45.
5. **IN which year is "May Day" of significance to U.S. investment bankers.**

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WORLD NEWS

Reagan 'keen to meet' Andropov

U.S. President Ronald Reagan told the West Germans he is "very interested" in meeting Soviet leader Yuri Andropov, Chancellor Helmut Kohl said. In an interview on West German television, Kohl said: "I know from our American friends from a message that he personally is very strongly interested, whenever possible, in meeting soon with the Soviet General Secretary Andropov. "We should do everything to make such a meeting possible." Kohl also said he expects the Soviets to return to arms negotiating tables in Geneva and Vienna and thinks there is a good chance relations will improve between the two superpowers in the next year and a half.

The Financial Times wishes all its readers a very happy Christmas. There will be no publication on December 26 and 27. The next issue of the FT will appear on December 28.

Earthquake kills 200

At least 200 people died in an earthquake three days ago in north-west Guinea, West Africa. About 300 were injured and thousands left homeless in the coastal area, 300km north-west of the capital of Conakry.

Milan blast: 4 die

Four people died and two were injured when a bottle of gas exploded in a central Milan restaurant packed with office workers celebrating Christmas.

Military faces trial

Argentina's parliament passed overwhelmingly a bill to repeal September's amnesty of military officers responsible for kidnappings, torture and political assassination during the last eight years of military rule.

Concordes broken up

Air France has begun stripping three of its Concordes aircraft to provide spares for the other four in service. Page 2

Woman governor

The Queen approved the appointment of Canada's first woman governor general, the Hon Jeanne Sauve, 61, who will succeed the Right Hon Edward Schreyer early in the New Year.

Gifts flood Greenham

The 100 women spending Christmas at Greenham Common said they had received so many gifts of food and clothing that they would be sending much of it on to old people's homes and to Oxfam.

Papal peace message

The Pope, in a message for a world day of peace on January 1, said the presence of new nuclear missiles in Europe caused justifiable concern, which he understood. He also condemned "dangerous adventures" and "big-power interference in internal conflicts."

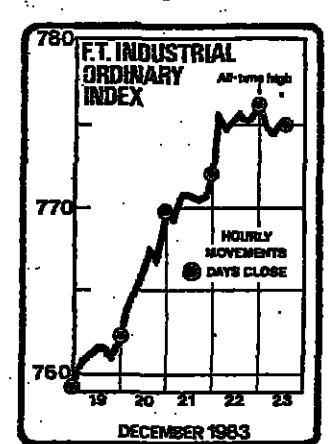
Chirac-jack

Five youths stole a wax statue of Paris mayor Jacques Chirac, making their getaway after tossing a teargas grenade at security guards at the Grevin Museum.

BUSINESS SUMMARY

Miners' fund bids for U.S. trust

THE MINERWORKERS Pension Fund and the National Coal Board Staff Superannuation Scheme have bid \$125m (£30m) for Rampac, a Californian real estate investment trust, which has been holding takeover talks with a New York-based investment group. The fund was authorised to proceed with the bid by a High Court judge less than 24 hours earlier. Back Page



Britain's economic prospects underpinning sentiment. The FT's Industrial Ordinary Index eased 1.2, but at 775 retained a gain of 13.7 on the week. Page 20

AMERICAN TELEPHONE and Telegraph (AT & T), the U.S. telecommunications giant, which is to be broken up on January 1, launched a court action against six Bell operating companies, which are AT & T's own subsidiaries until January 1, accusing them of trying to sell to the U.S. Government 200,000 telephones and other equipment which is not theirs to sell.

BRITISH SHIPBUILDERS are expected to meet Acaas officials next week in a final attempt to avert the national shipbuilding strike called for January 6. Workers at the small Henry Robb, Edinburgh, yard voted against the strike, the first to do so. Back Page

SOUTH AFRICA is to abolish import controls on a wide range of products and simplify its import permit system from January 1. Back Page

GARAGE WORKERS will receive pay increases of up to 12.5 per cent on basic rates from next month under a deal agreed by unions and management which gives an across the board pay rise of \$3.51 a week. Page 4

SENIOR CIVIL SERVANTS' pay claim for increases of more than 12 per cent has been rejected by the Treasury and the Government is refusing to allow arbitration. Page 4

SWISS NATIONAL BANK has liberalised its rules on capital exports, allowing foreign borrowers to raise up to Sfr200m (£23m) in one go on the Swiss public bond market from January 1. Page 19

NEW ZEALAND'S SECOND biggest company, New Zealand Forest Products bid NZ\$560m (£240m) for control of Wattie, the country's major food company. Page 19

Christmas retail sales show sharp gains

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BRITAIN'S RETAILERS are enjoying their best Christmas since before the recession started, according to stores throughout the country yesterday. With shops expected to be packed today with last-minute gift-buyers, trade estimates suggest the level of high street consumer spending will be about 6 per cent higher in volume terms than last year and back to the level of Christmas spending prior to the onset of the economic recession in late 1979.

The only blemish on the overall picture has been the lower level of trade in central London because of shoppers' fears of further bomb explosions following the blast outside Harrods last Saturday.

Reports from Harrods and other large central London department stores such as Selfridges, however, suggest the level of trade has steadily increased in the week.

The most popular gifts this Christmas, say retailers, have been personal computers and electronic games. Some stores, though, report an upsurge in sales of luxury items such as expensive perfumes or exotic lingerie.

Retailers believe the sales surge this Christmas is due to several factors including average earnings rising faster than

the inflation rate, consumers being less willing to save, credit sales being exceptionally high and the black economy appearing to flourish.

Mr David Johnson, chief executive of Rumbelows electrical goods chain, says its sales value has been about 20 per cent higher than last year's level, with personal computers and portable televisions leading the spending spree.

Debenhams department stores group, with 67 stores throughout the country, expects sales this week to have risen by 23 per cent in value terms over the same week last year.

The John Lewis Partnership department stores reported a sales rise of 12.9 per cent for the week ending December 17. The 76 Waitrose supermarkets had a 14.3 per cent rise and are doing even better this week, the company says.

Marks & Spencer, Britain's biggest retailer, says it is very pleased with the level of trade. Sales of its new gift ranges have gone particularly well, with some lines selling out.

Halfords, the car-parts and accessories retailer, says bicycles have been a best seller. The company said its 380 outlets nationwide have experienced unprecedented sales levels, not only for bikes but also for all the accessories, such as crash

helmets, gloves, pads, jerseys and trousers.

The buoyancy of consumer spending was confirmed this week by the latest survey of the distributive trades conducted jointly by the Financial Times and the Confederation of British Industry.

This found that three-quarters of retailers surveyed expected a higher level of sales this Christmas compared with last year.

Multiple retailers with stores spread throughout the country say there has been little regional variation in the level of consumer spending.

Mr Johnson of Rumbelows said there seemed to be no depressed regions as far as consumer spending was concerned. The John Lewis Partnership, however, said the sales momentum before Christmas had built up later in the regions than in London.

The impact of the bomb outside Harrods last week clearly took the edge off what had been very buoyant trading for most of retailers in central London.

Harrods said yesterday the level of trade this year would still be higher than last Christmas.

Many retailers are turning their attention to the annual bargain sales, due to begin next Tuesday or Wednesday for most stores. Harrods, however,

Continued on Back Page

FitzGerald offer welcomed

BY MARGARET VAN HATTEN, POLITICAL CORRESPONDENT

THE BRITISH and Irish Governments yesterday expressed a new sense of urgency and determination to work together in the coming months in trying to resolve the problems of Northern Ireland.

Mrs Margaret Thatcher, who paid a surprise six-hour visit to Northern Ireland, responded warmly to comments by Dr Garret FitzGerald, the Irish Taoiseach (Prime Minister), published in yesterday's edition of the Times.

She said: "I warmly welcome the Taoiseach to step up even further our co-operation in the battle against terrorism."

"Jim Prior and I will do everything in our power to achieve peaceful political progress in the year ahead."

Mrs Thatcher, who was speaking in Belfast, went out of her way to praise Mr Prior and dispel suggestions that he did not have her full support. She said: "We have a superb Secretary

of State for Northern Ireland who is dedicated to the people of the Province."

In his Times article, Dr FitzGerald said the Irish people felt a stronger sense of shared grief and outrage with the British people over the Harrods bombing than had ever been felt before, and he condemned the "criminals" and the "summen with a distorted sense of history" who, with no justification, sought to create enmity between Britain and Ireland.

Mr Prior also warmly welcomed Dr FitzGerald's comments. The Ulster secretary accompanied Mrs Thatcher and her husband on their visit.

Behind the mutually supportive statements of the two governments, however, differences remain. Dr FitzGerald stressed the overwhelming need for political progress and referred to Britain's "over emphasis on security policy at the expense

of politics." This had contributed to the alienation of the Ulster minority. He also spoke of Irish resentment over the "sense of direct or indirect contact" between British Ministers and Republican paramilitaries which had helped to bolster the summer's faith in the bomb and the bullet.

Both Mrs Thatcher and Mr Prior, however, appeared still to be laying stress on security rather than political developments and restricted their comments on co-operation with the south to security matters.

Much of Mrs Thatcher's visit was spent visiting members of the Royal Ulster Constabulary, the Army, and Ulster Defence Regiment, and praising them for their work. She also visited a shopping centre in Newtownards, Co Down, and talked to shoppers.

Falklands are British, says Thatcher, Page 3

Clash on impact of bank strike

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BANK EMPLOYERS said last night that the vast majority of branches in England and Wales were unaffected by the call for a half-day strike yesterday by the Banking, Insurance and Finance Union over Christmas working arrangements.

The union held disputed the banks' figures of the number of bank branches affected, and number of staff heeding the strike call. Bifu pronounced itself satisfied with yesterday afternoon's action.

It called the strike after the decision by the five main clearing banks to open all day yesterday, the final trading day before Christmas. The union said that this was contrary to usual bank practice in recent years on noon closing. The banks disputed that closing at this time had been the custom for the last 15 years.

Bifu balloted its 80,000 members in the clearing banks on the strike. It found 24,058 in favour (53 per cent of those voting) and 21,084 against. Mr Len Mills, Bifu general secretary, described this as a "clear mandate" for a strike, and predicted that the position yesterday would be "chaotic".

Bank employers estimated that only 110 bank branches were affected out of a total of about 11,000. Only about 6,000 staff took part out of 250,000 employed by the banks.

Through the totals fluctuated during the day, reliable employers' estimates showed at the end of the day that bank-bank branches closed were: Lloyds 38; Midland 25; Williams & Glyn 17; Barclays 12; and National Westminster 10.

Many stoppages were in North-East England and in Wales. Key computer and cheque-clearing operations seemed to have been barely affected.

Bifu claimed that 2,500 branches or offices were affected, supported by 60 to 70 per cent about 45,000-52,000 of its balloted membership.

The union said that even members not in favour of action in the ballot took part.

In such strikes there is usually a disparity between employers' and unions' claims about numbers taking part, and the effect. Even given that, the gap on

this occasion is unusually large, and neither side had an explanation.

Mr Mills said: "Our members have responded very well. We have had a good day. We are quite confident that the vast majority of our members actively participated."

The union received a setback yesterday when an arbitration inquiry into Christmas bank opening found in favour of the employers.

Though the arbitration was about holiday opening on Guernsey and was brought under Channel Islands law, the banks regarded it as a test case. Mr Mills said that the significance of the finding was its silence on whether the 1982 holiday agreement covered Christmas working, as the banks claim.

The banks are more likely to be impressed by the arbitration's finding, Dr Norman Ross, of Birmingham University, said last night. The current agreement does not entitle staff to compensation for the half-day spent working at Christmas and I award accordingly."

Pertini says Italian troops should be recalled from Beirut

BY ALAN FRIEDMAN IN ROME AND OUR FOREIGN STAFF IN LONDON

PRESIDENT Sandro Pertini of Italy yesterday called for a withdrawal of the Italian peace-keeping troops from Lebanon and launched a scathing attack on the Reagan Administration's policy in Lebanon.

Sig Pertini told Italian journalists at the presidential palace that the Italian contingent in Lebanon no longer had any reason to be there and "should be withdrawn." The president said that while the Palestinian Liberation Organisation was still in Lebanon, the presence of Italian troops made sense. With the departure of Mr Yasser Arafat, there was no clear reason for Italian troops to remain.

In the most direct criticism of U.S. policy by an Italian government official, Sig Pertini said: "Let us be clear. The Americans are there to defend Israel, not to defend peace. They are bombing Lebanon with tons of bombs."

Although the Italian president's role is non-executive, his comments are certain to cause a political storm in Rome. Western diplomats said the remarks came "out of the blue" and seemed designed to put public pressure on the government.

Earlier this week Sig Giovanni Spadolini, the Minister of Defence, told Parliament that the time had come for a "balanced reduction" of the Italian contingent, which at its peak numbered over 2,100 men. Behind the scenes the government is believed to be seeking ways to achieve a phased reduction, partly in response to domestic pressure and partly because Italy believes the original mission of the peace force has been distorted by the aggressive action of the U.S. and French contingents.

The British and French Ministers of Defence both flew to Beirut yesterday to bolster the morale of their troops serving as part of the multinational peace-keeping force and to review security arrangements.

Mr Michael Heseltine, the British Minister, said: "don't want to talk about pulling out. What we are trying to do is to

encourage the dialogue going on (between warring factions). He continued: "There are risks even to Britain if this situation is to escalate. One must realise that the superpowers are very close to each other in this part of the world and that there are implications."

Mr Charles Hernu of France, said he would be spending Christmas with the French contingent and planned to deliver a message from President Mitterrand to President Gemayel of Lebanon.

Israel meanwhile broadened its criticism of the meeting on Thursday between President Mubarak of Egypt and Mr Yasser Arafat, the chairman of the PLO, to include the role allegedly played by the U.S.

Mr Yitzhak Shamir, the Israeli Prime Minister, told Mr Christopher Dodd, a U.S. Senator visiting Jerusalem, that Washington had erred in encouraging the meeting.

Mr Shamir is said to have asked his visitor: "What was the necessity of reviving Arafat in such an artificial manner and restoring his stature as a political factor in the Middle East?"

Israeli radio said yesterday that the U.S. had failed to grasp Lebanon. "But others argue 'Thou shalt have smitten five or six times; then had thou smitten Syria until the hadst consumed it.' (II Kin. 13.19.)"

Turning to relations with Damascus, Mr Goss finds that in II Kings 6.8 it is now "The king of Syria wrote against Israel. Syria's war according to II Kings 22.3 is: 'Fight with neither great nor small, save only with the king of Israel.'"

Perhaps because of this, Israel's expectations of the U.S. as foretold in II Samuel 10.1: "If the Syrians be too strong for me, then thou shalt help me."

I Kings 20.22 also reflects the current deliberations in Jerusalem: "Go, strengthen thyself, and mark, and see who thou doest: for at the return of the year the king of Syria will come up against thee."

Continued from Page 1

Nothing new in Lebanon or Israel—the Bible tells us so

By David Lennon in Tel Aviv

Theologians are fond of saying that everything is foretold in the Bible. Just so, says David Lennon, who served Australia's ambassador in Tel Aviv for the past three years. Or, to quote Ecclesiastes: "There is no new thing under the sun."

From the Lebanon war to a state of the Israeli conflict all is foretold.

Mr Goss noted in a foreword to the original text of the invasion of Lebanon: "We have to do with me, Tyre, and Sidon, and all the coasts of Palestine? ... if recompense me, surely I will recompense upon your own head" (Joel 3.4.)

The effects of that war are recorded in Isaiah 23: "Lebanon is ashamed, Sharon is like wilderness."

But Habakkuk 2.17 also contains a warning for Israel: "The violence of Lebanon shall cover thee."

Israel has been divided their reaction to the war. II Ambassador points out. Since the Song of Solomon 4.1: "Come with me from Lebanon." But others argue "Thou shalt have smitten five or six times; then had thou smitten Syria until the hadst consumed it." (II Kin. 13.19.)

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MARKETS

DOLLAR	
New York lunchtime	DM 2.75575
DM 2.75575	FFr 8.445
Sfr 1.1995	Y233.85
London:	
DM 2.757 (2.7675)	
FFr 8.4375 (8.465)	
Sfr 1.1956 (2.21)	
Y233.7 (233.8)	
Trade Weighted 130.5 (130.5)	
Tokyo close Y234.1	
U.S. LUNCHTIME/	
RATES	
3-month Funds 81% (81)	
3-month Treasury Bills:	
8.54% (8.54)	
Long Bond 101.5 (101.5)	
yield: 11.85 (11.85)	
GOLD	
New York: Comex Dec latest	
\$384.2 (383.2)	
London: \$380.1 (\$377.1)	

STERLING	
New York lunchtime \$1.43175	
London: \$1.433 (1.4275)	
DM 3.95 (3.9525)	
Sfr 1.145 (1.1575)	
FFr 12.085 (12.085)	
Y235 (234)	
Trade weighted 82.5 (82.3)	
LONDON MONEY	
3-month interbank:	
mid rate 91% (91)	
3-month eligible bills:	
buying rate 85% (84)	
STOCK INDICES	
FT Ind Ord 775 (-1.2)	
FT-A All Share 499.34 (-0.1%)	
FT-A long gilt yield index:	
High coupon 10.1 (10.12)	
New York lunchtime:	
DJ Ind Av 1,231.53 (-1.53)	
Tokyo:	
Nikkei Dow 9,654.17 (-25.25)	

Chief price changes yesterday, Back Page

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Sweden to expel three Russians for 'spying'

By Kevin Done, Nordic Correspondent, in Stockholm

SWEDEN is to expel two Soviet diplomats and a third Russian diplomat suspected of carrying out industrial espionage. The expulsion adds new tension to the already strained relations between Stockholm and Moscow. According to the Swedish security forces, the diplomats had attempted to gain industrial secrets within the electronics industry.

The Swedish Foreign Ministry said that "the spying activities are incompatible with the 'honour' of the official status." The espionage activities "had been detected before any serious damage could be done to Swedish interests," it added.

The expulsions come exactly one month after Stockholm last expelled two Soviet diplomats, also suspected of carrying out industrial espionage. The latest expulsions come at a sensitive moment, less than two weeks before Sweden is to host the top-level conference on arms in Europe, which will be attended by both the Soviet and the U.S. Foreign Ministers.

Sweden has had no exchange visits at ministerial level to the USSR since a Soviet spy ship was seized, thought to be carrying nuclear weapons, in the Baltic Sea in 1981 near Karlskrona, one of the country's most important naval bases.

The Swedish Government has on at least two occasions tried to calm relations with the USSR in the run-up to the Stockholm conference, which will deal specifically with military confidence and security-building measures in Europe. But attempts to hush up the expulsions of the diplomats have failed.

Earlier this year, relations between Moscow and Stockholm were strained when a Soviet submarine was alleged to have violated Swedish territorial waters. This week, a further report on the seizure of a Swedish armed forces submarine, continuing submarine incursions during the autumn, through it failed to establish the identity of the intruders.

Tracks left by a mini-submarine were photographed on the seabed close to a sensitive military installation in the Stockholm archipelago.

In addition, Sweden's neutrality policy is being sorely tested by the controversy surrounding highly-sensitive U.S. computers which this week were placed under military guard in Sweden.

Washington claims that the computers were being smuggled via Sweden to the USSR for use in Soviet missile guidance systems. Reuter adds from Moscow: "The Soviet news agency Tass yesterday accused Sweden of spying on Russian military movements from specially-equipped reconnaissance aircraft."

Quotas row upsets EEC herring deal
BRUSSELS—A row over North Sea herring catches has torpedoed European Community plans for orderly fishing of the species in the New Year, diplomats said yesterday.

Herring fishing will be banned in the north and central North Sea from January 1, while in the southern sector Community vessels will be able to fish without restriction until 17,000 tonnes have been caught. Community fisheries ministers last week agreed on a formula for sharing out North Sea herring among member States, ending months of hard negotiation.

But an element of discord quickly developed after the Commission negotiated a herring deal with Norway, which controls North Sea herring stocks jointly with Britain, Denmark and the Netherlands.

The Commission had granted Oslo far too much fish. Community government officials last night ordered the Commission to renegotiate the agreement with Norway early next year.

The diplomats said the Commission had agreed with Norway that Community vessels should be able to catch 25,000 tonnes of herring and Norwegian ships 15,000 tonnes in the first half of 1983.

They said Community fishing States with a stake in the matter argued that the Commission should have offered only around 5 per cent of available catches to the Norwegians.

Propaganda war for peace on earth heats up

David Buchan assesses the East bloc's response to N-arms escalation

Like the London-based European Nuclear Disarmament (END), peace groups still meet informally, but its activities are very circumscribed by the general squeeze of the Kadar Government on political dissent.

After the failure of Western anti-nuclear demonstrators to stop the deployment of Nato missiles, governments in the East now have less use for them. This was made very clear this month when a West German group including representatives of the "Greens", some of whom had earlier met Herr Honecker, the East German leader, were barred from entering East Germany. While this may have been specific displeasure at the Bundesstag vote in favour of Pershing missile deployment, members of Western peace movements are generally finding it harder now to get visas for the East.

Eastern governments are trying hard to break the links between Eastern and Western peace groups precisely at the time when Western groups, like the London-based European Nuclear Disarmament (END), are finding more common ground with their Eastern counterparts.

There have been two reasons why this meeting of minds has not been easy. The first is the innate suspicion by many Eastern dissidents that unilateral nuclear disarmament in the West is a tool, witting or unwitting, of Moscow. Indeed, with the exception of East Germany, who can watch West German television, some people in the East seem to regard the Greenham Common or Murlangen demonstrations as fictions of the tightly controlled newspapers. According to the old East European joke, newspapers have one truth (the price), one half truth (the weather forecast), and lies (the news).

The second and more substantial obstacle has been the differing roots of protest on either side of the Iron Curtain. The overriding Western concern is nuclear weapons. In the East, this is subsumed into pacifism, a more general concern with all aspects of militarism.

Conscription in the East is more universal and onerous than in the West and has long prompted protest, mainly by religious groups. In Hungary, the fundamentalist Nazarene sect has won exemption from the draft, and a group of lower-ranking Catholic clergy wants this exemption extended. In East Germany, drafted conscripts can opt to do building work in uniform, but the churches, especially the Protestant ones, would like conscientious objectors to be excused the draft altogether.

Eastern dissidents also say that human rights are fundamental and by putting peace before human rights, Western peace protesters, put the cart before the horse. They add that this is not an unresolvable argument, since without freedom of expression they cannot give voice to their worries about the arms race.

However, the past year has seen some consensus, with Western peace campaigners acknowledging the human rights concerns of their Eastern counterparts and the East German, Czech and Hungarian groups making more contact with the West. There was also a sign of change in Mr Lech Walesa's Nobel Peace Prize address, in which he talked of peace being indivisible with freedom and of peace in Poland being part of peace in Europe.

Hitherto, Solidarity had been solely concerned with fighting for its own freedoms. Can the East European peace groups frustrate or slow down Soviet missile deployment, where much stronger groups failed in the West? Not a hope—particularly when anti-nuclear protest is so weak in the Soviet Union itself. But it can change the political manner in which the missiles are deployed, forcing Eastern governments to try to justify rearmament as Western governments have had to do.

Though stamping on Charter 77, the Husak Government has had to allow limited public discussion of the Soviet missile. Hitherto the presence of Soviet nuclear weapons on Czech soil was never discussed; public admission of it could bring a 10-year sentence on a charge of subversion.

Lately, Rude Pravo, the party newspaper, has had to respond to public concern following the announcement of missile deployment by answering letters from worried readers. Neues Deutschland, the East German party paper, went so far as to print a clerical letter of protest about the new missiles.

Even Bulgaria, Moscow's most loyal ally, has been at pains to dispel rumours, mainly emanating from neighbouring Yugoslavia, that it may accept Soviet nuclear missiles as a counter-balance to Nato cruise weapons in Sicily.

East European governments are now hoist by their own propaganda petard. Having claimed that new U.S. missiles in Western Europe would measurably advance Armageddon, they are now having to try to show their worried publics that Soviet counter-measures will not make a bad situation worse.

W. Germans prefer auld acquaintance forgotten
By Leslie Collett in Berlin

HERR HELMUT SCHMIDT, the former West German Chancellor, yesterday celebrated his 65th birthday a week after the chairman of the Social Democratic Party (SDP), Herr Willy Brandt, marked his 70th. But the two elder statesmen of the opposition party refused to attend each other's celebrations.

The animosity which has developed between the two former partners runs deep and reflects the massive shift in the power balance within the SPD. Herr Brandt, who only a few years ago had been counted out politically, has rebounded to become the SDP's driving force. He will be unchallenged in the February elections to head the party for another two years.

Herr Schmidt, smarting after the SPD's vote last month against the deployment of U.S. missiles, has announced his withdrawal from the party leadership and from the next Bundestag. In opposition, the SPD has again become a debating society for political and social alternatives. Herr Brandt's majority in the SPD leadership aims to outflank the left-wing dissent and eventually to co-opt them. Those who have remained loyal to Herr Schmidt see this as potentially leading to isolation from the bulk of moderate social democrats for years to come.

Among those who attended Herr Brandt's birthday celebration but not Herr Schmidt's were the Swedish Prime Minister, Herr Olof Palme, and the former Austrian Chancellor, Herr Bruno Kreisky. Herr Erich Honecker, the East German President, sent a telegram praising Herr Brandt's efforts to preserve peace. The two men had not been on speaking terms after Herr Honecker planted a spy in the former Chancellor's entourage, triggering his resignation in 1974.

Mr Henry Kissinger attended the party for Herr Schmidt, along with the ex-Chancellor's old ally, the former French President M. Valéry Giscard d'Estaing.

Vital talks on Philippines debt payments delayed

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT

CRUCIAL TALKS on the rescheduling of payments on the Philippines' \$24.9bn (£18.6bn) debt, due to resume on January 4, have been delayed at least a week and possibly longer, foreign bankers in Manila confirmed yesterday.

The delay follows the disclosure earlier this week that figures for central bank reserves had been over-stated by at least \$600m prior to October. Bankers say that although this had become known earlier, the public revelation has caused controversy domestically and provided a psychological setback.

A week ago, Mr Cesar Virata, Prime Minister and Finance Minister, said rescheduling talks with commercial bank creditors would resume in New York on January 4, once an International Monetary Fund team had completed gathering additional economic data in Manila.

It now seems that the team will have to spend longer than expected in Manila, and more than likely that the Philippines will need to extend the three-month moratorium on debt repayments which it announced last October 17.

This was a possibility first held out last week by Mr Virata, who admitted also that Manila was not making interest repayments, contrary to its initial announcement of the moratorium which covered principal.

The additional week's delay means that the Philippines Government must also wait longer for vital U.S. bridging finance aimed at seeing the country through to the first disbursement of the IMF standby credit of SDR 815m (£365m).

The resulting delay in imports increases the chances of further mass lay-offs and short-time in factories. Bankers and businessmen have expressed concern that this could lead to a build-up of political tensions.

The Philippines is looking for \$1.65bn in new money from 380 commercial banks, along with a rescheduling of loans due between now and 1985 and a rollover of trade financing. It also wants \$1.65bn from Western governments and multilateral donors.

No agreement on a package can be concluded until the terms and conditions of the IMF standby credit are finally settled.

Comptroller of the Currency and the Federal Deposit Insurance Corporation have also issued proposed rules which would require banks to set up special loan loss reserves against foreign lending to troubled less developed countries. Earlier this week, the Comptroller suggested that banks lending to countries determined by the bank regulators to be "troubled" should initially be required to set up a special loan loss reserve equivalent to 10 per cent of a bank's asset exposure in that country.

The Fed's proposals, which cover the same countries initially, would require loan write-offs, or the establishment of special reserves, where the borrowing country has shown "protracted inability to service the debt, to comply with a restructuring or an adjustment programme."

Argentine 'needs credits to service \$40bn debt'

BUENOS AIRES—Argentina will have to have fresh trade credits from overseas banks if it is to make prompt service payments on its \$40bn (£26bn) foreign debt, the country's central bank vice-president said yesterday.

Sr Leopoldo Portnoy said Argentine commercial banks have asked foreign banks for an immediate increase of at least 30 per cent in trade credit, worth some \$1.5bn, to finance imports.

The larger the trade credit granted by foreign banks, the faster Argentina will be able to settle \$2bn of arrears in overseas payments and about \$5bn of interest on external debt due in 1984, he added.

Unless foreign banks relaxed a squeeze on trade credit imposed after an Argentine overseas payments crisis in September, the country would have to keep its foreign currency income for cash payments of vital imports.

David Marsh adds from Paris: Western industrial countries and international organisations have agreed to provide Zaire with aid of \$290m (£193m) to help its development programme.

The grants will be used to improve the country's transport, agriculture, energy and mining industries.

Pretoria to conscript young immigrants

BY BERNARD SIMON IN JOHANNESBURG

IMMIGRANTS to South Africa refusing to do military service will in future forfeit their permanent residence status and thus their right to work in the country, the Ministries of Internal Affairs and Defence have announced.

The move to extend conscription to immigrants follows complaints by South African Servicemen that many employers are discriminating against them in favour of foreigners without military service commitments.

Mr F. W. De Klerk, Minister of Internal Affairs, has said that young immigrants "progress unhindered in their studies and careers and so build up a lead".

In terms of new draft legislation, the qualification period for South African citizenship is to be extended from two to five years.

Immigrants between the ages of 15 and 23 who do not wish to become citizens after that period will automatically lose their permanent residence rights.

This includes immigrants who arrived in the country before 1973, when the law was tightened to provide for automatic acquisition of citizenship

by immigrants who completed two years' permanent residence when they reached the age of 23.

Migrants up to that age have until now been able to choose whether they wish to do military service.

The prospect of a compulsory call-up is bound to discourage many potential immigrants, just as it has prompted many white South African families to leave the country permanently.

Immigration has risen steeply in recent years, reaching 47,800 in 1982, compared to 29,400 in 1980. Half of the arrivals are from Zimbabwe and about a quarter from Britain.

Military service has become more onerous in recent years following the growing intensity of the war in Northern Namibia, tensions on South Africa's other borders, and the need to protect domestic installations against insurgents. School-leavers are at present conscripted for two years, followed by regular camps over a period of 12 years.

South African troops have launched a "limited campaign" against Swapo forces in South-Western Angola. Gen Constand Viljoen, chief of the defence force, said yesterday:

"We are entering a stage of economic recovery," the Socialist Premier told the 200-member Parliament.

The 1984 £9.3bn budget includes a defence allocation of Drachmas 179bn (£120m)—an 11.2 per cent rise over last year's allocation.

The budget call for increased spending on education and health and social welfare services and gives tax cuts to low-income earners. It forecasts a £2.48m deficit for 1984.

U.S. customs agents have seized a laser system bound for the Soviet Union, filed the crates with concrete, and sent them on their way. Reuter reports from Denver: The move is the latest in a campaign to stop the flow of Western technology to the Soviet Union. After the four crates were filled with concrete—and with a nasty note inserted—they were shipped to Moscow, Mr Richard Spriggs, Assistant U.S. Attorney, said.

EEC imports move
The European Commission yesterday moved to stop member countries from unilaterally curbing imports from third countries into the trade bloc.

AP-DJ reports from Brussels: The Commission cited the need to end "protectionist measures" in member countries and to strengthen the Community's common import rules.

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Britain cancels Invincible's goodwill visit to Japan

BY JUREK MARTIN IN TOKYO

BRITAIN HAS decided to cancel a goodwill visit to Japan by the aircraft carrier Invincible, planned for early next year.

The principal reason is undoubtedly the desire not to embarrass the Japanese conservative Government which has been rendered vulnerable by its losses in last Sunday's election.

An official Japanese statement here welcomed any future goodwill visits by the Royal Navy but noted that Japan's three non-nuclear principles—which do not permit the use, manufacture, or introduction of nuclear weapons into the country—would have to be satisfied for permission to be granted.

Britain has never confirmed or denied if the Invincible carries nuclear weapons. It was the absence of this assurance which initially prompted the Australian Government to deny the Invincible dry-dock facilities at Sydney three weeks ago.

U.S. navy ships, presumed but never admitted to be armed with nuclear missiles, frequently call at Japanese ports. Such visits used to attract large protest demonstrations though these have dwindled of late to little more than the ritualistic.

However, the ruling Liberal Democratic Party, still struggling to form a new government after last Sunday's general elections, hardly needs additional controversy, a point that Britain appears to have recognised in calling off the Invincible's visit.

Talks on Tamil issue

BY MERVYN DE SILVA IN COLOMBO

EIGHT political parties invited by President Jayewardene for talks on the Tamil question have decided that the Tamil United Liberation Front (TULF) should participate in the next round.

The main item at a conference scheduled for January 10 will be the powers of proposed regional councils and their territorial limits.

The TULF, which stands for a separate Tamil state, is prepared to accept regional autonomy if the council in the predominantly Tamil northern peninsula is allowed to amalgamate with councils in the eastern province. This demand is bound to be turned down.

Hardline Sinhala-Buddhist opinion also wants the powers of the proposed councils limited.

RAF Benevolent Fund repays the debt we owe

The Royal Air Force reached a peak strength of 1,200,000 in 1944 and more than 1½ million men and women served during the war years.

Thousands did not come back. Many lie in the forgotten corners of earth and sea. Many thousands more were left disabled—mentally and physically.

Last year the Royal Air Force Benevolent Fund paid out almost £4,000,000, widows, dependents and the disabled receiving the major share. And this cost continues to rise as age and infirmity overtake the survivors. Inflation now imposes an ever increasing burden.

Please remember the Fund in your Will and if you know of anyone who might qualify for help from the Fund, please ask them to let us have details.

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Egypt 'reduces price of Suez blend crude'
By Maurice Samuelson

EGYPT was yesterday reported to have cut the price of its key blend of crude oil despite pleas from other Arab states that it should not give in to downward pressures caused by the world oil glut.

Customers in Rotterdam were quoted as saying the Egyptian General Petroleum Corporation had cut the price of Suez blend crude to \$28 from \$28.50.

The Egyptians had so far resisted a reduction in oil prices despite very weak spot market levels for Suez blend and a \$1 cut in the price of the Soviet Union's competing Urals blend, to \$28.60 a barrel.

Neither the Soviet Union nor Egypt is a member of the Organisation of Petroleum

Madrid aims for 2.5% growth rate next year
BY DAVID WHITE IN MADRID

SPAIN'S Prime Minister, Sr Felipe Gonzalez, yesterday reaffirmed the aim of increased economic growth next year but emphasised the government could not afford a "permissive" spending policy.

In a two-hour Press conference called belatedly to mark the first anniversary of Spain's Socialist government, Sr Gonzalez said he was concerned about achieving enough growth to prevent a further decline in employment.

He said the government target of 2.5 per cent growth, against an estimated 2.1 per cent this year, should be sufficient to start recovering some of the jobs that have been

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السبيل، المثلث

Level of car sales remains high

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

Car sales this month have continued to run at a comparatively high level, topping off a record year in fine style. The Society of Motor Manufacturers and Traders believes registrations will not fall far next year.

It forecasts that car sales will be 1.72m next year, representing a drop of only 3.4 per cent from the record 1.78m this year.

According to the society's statistics, registrations in the first 20 days of December were 2.75 per cent ahead of those for the corresponding

period last year at 69,927. The figure took the total for 1983 so far to 1,780,301. This was 14.52 per cent ahead of last year's figure for the full year and beat the previous record of 1,716,275 in 1979 by a reasonable margin.

Judging by the experience in past years, customers will continue to take delivery of new cars right up to the end of the year and as many as 10,000 will be registered in the final 10 days of the month.

Most of these last-minute sales will go to companies, as do most of December car deliveries. This favours the

major manufacturers with large fleet business.

So, in the first 20 days of December, Ford accounted for 31.2 per cent of the market and Vauxhall-Opel, the General Motors offshoot, seems certain to add yet another record month to its performance this year and after 20 days of December had a 17.1 per cent market share.

Datsun UK's drive for sales this year is continuing right up to the end. Even though Nissan-Datsun cars are mainly bought by private customers, in the first 20 days of Decem-

ber the marque, with a 5.16 per cent share, was in fourth place in the manufacturers' league table.

Peugeot-Talbot's 20-day result was 3.59 per cent, followed by Volvo 3.54 per cent, Volkswagen-Andi 3.5 per cent, Renault 3.39 per cent and Fiat 2.22 per cent.

The top 10 models in December so far are the Ford Escort with 6,413 registrations, Ford Sierra 5,658, Vauxhall Cavalier 5,162, Austin Metro 4,204, Ford Fiesta 3,664, Vauxhall Astra 2,172, Austin Maestro 2,072, Triumph Acclaim 1,497 and the Volvo 300 series 1,284.

Plea for help on satellite direct broadcasting

BY RAYMOND SNOODY

MR IVOR COHEN, managing director of the electronics group Mullard, is appealing to the Government to bring together all organisations which will be affected by direct broadcasting by satellite (DBS) in the UK to ensure that it takes off.

As soon as the BBC and the Independent Broadcasting Authority agree on sharing satellite costs, Mr Cohen argues, the Government should form a steering committee bringing together everyone involved, from broadcasters to equipment makers and retailers.

"The Government was prepared to do it for Teletext and it should do it for satellite," says Mr Cohen, whose company will design and manufacture micro-electronics circuits for the

receiving equipment. Mr Cohen believes Teletext was about to fail until the industry got together to give it fresh impetus.

Now 95 per cent of sets in the world use the British system," Mr Cohen says. He adds that only the Government can harness the different interests involved in DBS.

Mr Cohen fears that indecision may dissipate an early technological lead in standards for DBS, leaving the way open to the Japanese and the Americans.

Mullard feels that the C-MAC picture system developed by the IBA with packet sound, the French digital system, could become a world standard. The Japanese electronics

industry is interested in C-MAC receiving equipment, Mr Cohen believes.

British industry is still waiting for the Home Office to announce technical specifications that the system's circuits and receiving equipment can be designed.

Mr Leon Brittan, Home Secretary, said early in September that he hoped to be able to announce the specifications by the end of that month. He has not done so yet.

The delay is partly due to diplomatic efforts to persuade the French and West German Governments to endorse C-MAC, which has been accepted as a European standard by the European Broadcasting Union.

The BBC originally planned to begin its DBS operation in September 1986. Even if the BBC did not have serious misgivings about the viability of the project as it is now structured, the receiving equipment could not be ready on time.

Probably it will take at least three years from the announcement of detailed specifications to equipment being available in volume in the shops.

"If we don't receive detailed specifications within two or three months we shall be running out of time for 1987, and we would be cutting corners to make that possible," says Mr Cohen. He is a member of the Government's Information Technology Advisory Panel.

'Falklands are British' insists Thatcher

By Margaret van Hattem

THE PRIME MINISTER yesterday sent a Christmas message to the Falklands again assuring the islanders that the question of sovereignty was not negotiable.

She said in a BBC World Service broadcast: "I am not negotiating the sovereignty of the Falkland Islands with anyone. They are British."

"You, the people, have a right to determine your own future. That is not negotiable."

Mrs Thatcher also stressed the Government's determination to proceed with building a new airport at Port Stanley. A freeze on construction of the airport was one of the main conditions laid down by President Raul Alfonsin, the Argentine leader, for resumption of normal relations between Britain and Argentina.

Mrs Thatcher said: "There is a great future to look forward to. We are trying to do everything we can to build that new airport... to rebuild the structure of the Falkland Islands. The aim was to give the young people a chance to build on the traditional life in the Falkland Islands... a life of effort, where people were all part of the same community. Gradually it was hoped to attract more people and business to the islands."

Shoemaking orders boost confidence

BY ANTHONY MORETON

SHARPLY RISING exports and a strong increase in orders are sending shoe manufacturers in 1984 with more confidence than for several years.

The rise in activity in the industry has been encouraging enough for them to take on workers after a long decline in which the total workforce dropped by over a third to about 51,000 since the start of the 1970s.

Since September employment has risen by 600, and there has been a rise of 1,500 since February, taking the total to 52,300. Short-time working is falling, and overtime lengthening.

Although there was a slight rise in the numbers on short time in September, the last month for which figures are available it has dropped by half in a year.

Numbers on overtime—9,600—were almost 80 per cent higher than in September 1982, and have been on a rising trend for several months.

The industry exported 1.6m pairs of footwear in October, 8.7 per cent up on October 1982. In that period overseas sales were 5 per cent higher by volume.

Sales were particularly good to most leading markets, such as Ireland, West Germany, France and Canada. Only the

U.S., second most important market, which took 789,000 pairs this year, is below 1982.

The rate of ordering continues to run ahead of the rate of delivery—a good omen for 1984. Orders by volume were 8 per cent higher in the year to October than in the previous year, while deliveries were only 0.4 per cent up.

But cheap overseas suppliers such as Taiwan, South Korea, Hong Kong, Portugal, Spain, Brazil and Poland continued to supply the high street shops faster than did the home industry.

All except South Korea, sent more shoes, helping to push the import bill in the first 10 months of the year to £457.3m. Exports, which also rose, reached £102.8m.

The one encouraging point for the industry was that supplies from Italy, which dominated the British market, fell this year.

Britain spent £197.7m on Italian imports between January and October, 5 per cent down on those months of 1982. Supplies from France, the other leading West European manufacturer, fell by 15 per cent to £24.2m.

What particularly concerns the industry is the sharp rise in import unit values due to the strong dollar.

Fare cuts for U.S. air travellers to Britain

By Michael Domes, Aerospace Correspondent

CUTS OF between 14 and 15 per cent aimed at boosting U.S. tourism to Britain will be implemented from January 9. March 31 by British Airways, Pan American and Trans World Airlines. They will not apply from Britain to the U.S.

The intention is to take advantage of the continuing strength of the dollar against the pound during the customary poor travel months of January and February.

The cuts are an experiment to see if tourism can be increased.

It is accepted that, apart from holiday travel to visit British citizens, other than business travellers are not likely to visit the U.S. in quantity in the first three months of the year especially in view of currency exchange rates.

BA announced the reduction covering 11 U.S. cities, late 1982. Pan American at TWA quickly said they would match the cuts, which are subject to approval of the U.S. and U.K. Governments.

The fares range from \$4-£514 return between New York and some other U.S. eastern seaboard cities, at London, to \$849 return between Los Angeles and San Francisco and London.

The cheap rates have some restrictions—travellers must stay at least through one week end but not longer than 15 days and they must leave the U.S. 6 London on Mondays, Tuesday, Wednesday or Thursday.

U.S. cities from which cheap fares will be available include Boston, Philadelphia, Washington, Miami, Detroit, Chicago, Seattle and Anchorage.

More aerospace workers lose jobs

ANOTHER 70 workers were made redundant yesterday at the British Aerospace factory at Hatfield, Hertfordshire.

This brings the total to have lost their jobs since the closure was announced to 650. The remainder of the workforce about 1,400, will leave between January and June when the factory is due to close.

Negotiations are continuing with new companies to take some of the old British Aerospace hangars.

International dealership rules set out

By Ray Maughan

THE COUNCIL of the Stock Exchange has put forward regulations which, subject to confirmation on January 31, will govern dealerships set up specifically to trade from London in overseas securities.

International dealerships, or IDs, must be incorporated as companies with limited liability. A company may be wholly owned by an existing member of the London Stock Exchange.

Alternatively it may be formed by consortiums comprising brokers, jobbing firms, a mixture of brokers and jobbing firms (respectively agents and principals in share transactions), or member firms and non-member firms, provided more than 50 per cent of an ID is owned by one or more member firms.

The council decided that an ID can deal in overseas securities and in other financial instruments not relating to domestic securities.

An ID will therefore not be allowed to take a presence on the Stock Exchange dealing floor. It may only deal as a principal. The rules, however, have been drafted on the basis that IDs will be jobbers for UK stamp-duty purposes and thus be exempted from the 2 per cent tax.

The council decided this week that a minimum liquidity margin of £500,000 must always be maintained.

These changes have been discussed for some time. The rules proposed form the second in a series of envisaged changes in the structure of the British securities market.

This programme of impending Stock Exchange reform follows an agreement with the Government whereby the Exchange rule-book will not be subject to proceedings in the Restrictive Practices Court.

Main changes to come include abolition of minimum dealing commissions and granting of permission for outsiders to take controlling stakes in London broking and jobbing firms.

Long-life milk imports to resume

FRENCH dairy farmers said yesterday they would resume exports of ultra-heat treated milk to Britain after Christmas.

Officials at France's largest dairy co-operative are likely to challenge the accuracy of tests conducted in the UK which have so far prevented the first consignment of the milk being offered for sale.

More than 22,000 litres of long-life (UHT) milk arrived at Newhaven on December 1, the first consignment into the UK since a European Court ruling earlier this year that the British ban on its import was illegal and must be lifted. After six days of exhaustive tests at the port, health officials

were unable to find any reasons for refusing the milk entry and the consignment was sent to Salisbury for further analysis.

The Salisbury District Council's public analyst examined 11 packs of milk and found that five contained "extraneous water" which is illegal if the milk is to be sold for human consumption.

The importers, French dairy farmers, who are acting for the Normandy dairy co-operative, have been told that the milk must either be returned to France or sold here as animal feed.

"It is ironic that after five years' campaigning through the EEC court to lift the ban, the first consignment is now held

up after getting a clean bill of health at the port of Newhaven," the importers said.

"The reason is a difference of opinion among experts, not about standards but about testing techniques."

Pending clarification of test results, they have agreed to keep our consignment at Salisbury. It was never any sort of health hazard, simply the subject of a difference of opinion about water, which is by no means unknown in the dairy industry, the importers said.

"French dairy farmers will be resuming long-life milk imports after the holidays, for there is a big unsatisfied demand for long-life milk in Britain."

Leading UK stockjobber to close New York office

BY CHARLES BATCHELOR

THE UK's largest stockjobber, Wedd Durracher Mordant, is closing its New York office 18 months after it was opened. Dealing mainly in Australian and Continental stocks, the U.S. office, Wedd's only overseas base, did not prove profitable, the firm said.

Wedd also lost its principal partner in New York, Mr David Rochester, who left to join a major rival, Merrill Lynch, the U.S. brokerage firm.

Mr John Robertson, senior partner at Wedd, said: "It did not work out the way we had originally expected. We were not doing that much business and the bottom line did not look too good."

We did not have the right product. We have lost money but I don't want to say how much."

The disclosure of Wedd's problems in the U.S. coincides with the announcement by Smith Bros, another leading UK jobber, that Agora, a New York dealing associate, had failed in the six months ending October.

Wedd opened its New York office on Broadway in mid-1982 and became a member of Nasdaq, the North American Securities Dealers Committee, which allowed it to deal direct with U.S. brokers.

Its aim was to extend the trading day for Australian shares from eight to 12 hours and bridge the awkward time difference which limited trading in Australian shares in London.

Leading UK stockjobber to close New York office

It later added a number of Continental stocks. London Stock Exchange rules barred it from trading UK stocks while tough competition from U.S. brokers meant it did not venture into dealing in U.S. stocks.

When Mr Rochester, a former senior partner with UK brokers Cazenove, left last September, Wedd was faced with finding a new principal to comply with SEC regulations.

Mr Robertson said: "We thought of finding another principal but with other things going on in London connected with the restructuring of the market, we thought it might be a little premature to do something in New York."

The decision to close comes within weeks of the announcement that Wedd faces two lawsuits in the U.S. claiming nearly \$15m (£10.5m) damages and alleging it assisted a failed Panamanian investment company, C. and R. Pastor Securities, to engage in fraudulent schemes to manipulate the market in certain securities listed in New York.

Wedd says that these claims, which have been filed by Merrill Lynch and Lehman Bros Kuhn Loeb, are totally without merit and it is seeking to have them dismissed.

The UK firm denied, however, that the office's closure was linked to the lawsuits.

Economic Diary

MONDAY: Special Diet session to nominate new prime minister and cabinet. Tokyo.

TUESDAY: U.S. Steel Corp. board meeting to consider possible cut in its steel making capacity. Pittsburgh.

WEDNESDAY: Supreme Soviet convenes to approve 1984 budget. Moscow.

THURSDAY: Overseas travel and tourism figures (October). Energy trends (October). Unemployment and unfilled vacancies (November-Ann.). Employment in the production industries (October provisional). Stagnance of work due to industrial disputes (November provisional). Over time and short-time working in the manufacturing industries (October).

College applications

APPLICATIONS for university places next year are more than 3 per cent up on last year, according to figures released yesterday by the universities' clearing house system.

More people have applied earlier this year and the figures may not accurately reflect the final outcome, says the Universities Central Council on admissions. The latest figures relate to December 1 when about two-thirds of the expected total number of candidates applying—127,130—students—compared with 123,295 last year.

THE BANKER 1984

January Japan: Liberalisation of the financial sector. Banking Decentralisation and increased competition. Foreign Banks in Japan. South Korea: Banking and Money Market Regulations. E.E.C. and G.A.T.T. Relations. Borrowing Requirements. Home Banking: Technology developments in bringing electronic banking into the private home.	July Bahrain: Full listing of every Off-shore Banking Unit with management, address, telex etc. A summary of the continued importance of this major Gulf financial centre. Switzerland: Banking and Finance. Plastic Cards.
February Foreign Banks in New York: The listing of every foreign banking operation in business as at 31.12.83. Including status, management, address, telex etc. A review of the prospects and developments for foreign banks and I.B.F.s International Banking Law: A summary of the major legislation recently effected by National and supra-national legislative bodies affecting international banking.	August Florida/Miami: Full listing of all foreign banking operations with Status, management, address and telex.
March Netherlands, Belgium and Luxembourg: Banking Regulations and Developments. Israel: International expansion of the Israeli Banks and the increased competition at home.	September I.M.F.: A report on the most important annual meeting of international bankers. Italy: The Economic Prospects and Banking Regulations.
April Germany: The economic prospects. Developments in Banking and Financial Services. Electronic Funds Transfer Point of Sale. Trade Finance: New techniques in Trade Finance, Sovereign and Corporate risk insurance markets.	October Hong Kong: Facing up to the sovereignty issue and the prospects for continued expansion of one of the world's major financial centres. Scandinavia: Scandinavian Banking and Finance. Electronic Communications in Banking.
May Futures: Agricultural and Mineral Commodities. Financial Instruments. Commodity Finance: International Leasing: New developments in International Leasing.	November Foreign Banks in London: The definitive listing of every foreign banking operation and Overseas Security House in London, with status. South Africa: Banking and Finance.
June Top 500 Largest Commercial Banks in the World by Asset Size. International Portfolio Management. ABC Circulation (Jan-July 83) 11,627 Europe 46% Middle East 20% U.S.A. 10% Other 18.5%	December Arab Banking: The Top 100 Arab Banks. Singapore: Banking and Finance.

David Green looks at the Sizewell B inquiry's first year

N-power debate generates little interest

IT HAS almost become an institution.

The Sizewell B inquiry is now as much associated with the Snape Maltings concert hall as the late Sir Benjamin Britten, the composer who founded the local music festival which grew into world renown.

Of vital importance to the UK as it is, local people find difficulty in mustering the enthusiasm which engulfs the small number of inquiry participants. The economic arguments which dominated the first 12 months also failed to register with them.

Not only do those few who venture into the concert hall find the evidence incomprehensible, but most local people are not interested in detail.

There is an air of fatalism, but also of confidence, that if the "powers that be" say "yes", well B must be built and will be safe, then it will have to be faced. Few, except publicans

and other traders, relish the prospect of an immigrant workforce during the six years or more of its construction.

Most locals will tell you, without ever attending the inquiry, that its £25m cost, being borne entirely by electricity consumers, is a waste of money.

However, a thorough job in exploring the prospects for future energy provision in the UK is being done behind its tranquil facade.

The inquiry, into whether the Central Electricity Generating Board should get the go-ahead to introduce the U.S.-style pressurised water reactor, began on January 11 and has inevitably slipped into a rather cosy routine in which both sides know each other and politely observe the rules.

Nuclear industry staff and the 1400-resident objectors arrive on Monday night and depart on Friday afternoon, with hotels in the area enjoying a boom.

At Snape Maltings, the passing days are discernible only by the occasional change of face in the witness "stand." The 800-seat concert hall remains largely empty, except on the few occasions when well-known personalities appear, such as Arthur Scargill and Tony Benn.

Protests outside the hall have dwindled and have never been well supported. Inside the hall, anti-nuclear demonstrations, always low-key, seem to have ceased, although one pro-nuclear supporter occasionally stands at the front holding placards.

The inquiry's location, several miles from the nearest railway station, has been blamed as one of the main reasons for lack of attendance.

But a coach provided at the CEGB's expense arrives usually empty each day from Ipswich and even when the hearings moved to central London in

June and July, attendances remained low. Certainly the economic evidence was presented in a very technical way and even the inspector has, on rare occasions, confessed not understanding some points.

He and his assessors and the counsel to the inquiry, Mr Henry Brooke QC, have generally maintained an uncanny grasp of just what is going on. For it has become an inquiry of moving targets, a public trial of monstrous length. The CEGB has been called upon to produce evidence of a far more detailed nature than it ever thought and leading objecting groups have responded in some depth.

The inquiry remains, however, for all its long-winded approach, its expense and its imbalance of resources, a typically British attempt to decide major planning applications.

Merchant bank prospectus sent out

BY DAVID LASCELLES

BIDDERS for Singer and Friedlander, the small London merchant bank being offered for sale by European Ferries, will be receiving a confidential sale prospectus about the bank soon, marking the first stage in a disposal that could yield £50m.

S. G. Warburg, the merchant bank handling the sale, reports considerable buying interest, mostly from other financial institutions, many of them foreign, including American.

Serious bidders will be sent a much more detailed package of information about Singer later, as a prelude to actual sale negotiations early next year.

The transaction could prove difficult. Euroferries obviously wants the best possible price. But Singer's management,

under Mr Anthony Solomons, the chairman, has distinct preferences and is in a position to exert considerable influence over the choice of buyer.

The negotiations will be specially delicate if, as seems likely, a foreign bidder heads the field. Mr Solomons has made it clear that he wants a UK owner so that Singer can remain a member of the Accepting Houses Committee, the prestigious association of London merchant banks which excludes foreigners.

Committee membership confers a special status and allows banks to discount their paper on the finest terms with the Bank of England.

But foreign bidders may not be deterred by loss of membership, particularly if they are major

international banks which could confer their top-rank creditworthiness on Singer and enable it to keep funding itself on good terms. A foreign buyer would obviously want to ensure that Singer's top people did not quit the day after the sale.

Mr Solomons and his colleagues have considered mounting their own buy-out bid but have dismissed it as impractical, at least until they get a better idea of how the sale is going and the kind of price being talked about. There are UK candidates among the bidders who would be acceptable to Singer's management.

Although Singer is one of the smallest accepting houses, Mr Solomons has run it conservatively and developed a high quality business since it suffered badly during the property

collapse of the early 1970s.

Its main lines are corporate finance for medium-size companies and funds management. Mr Solomons's future plans for the bank see it moving up the corporate finance market to serve big companies, and into the retail business of unit trusts. SHHM and art ah has a cash sheet

The bank's balance sheet totals £480m and it has £300m under discretionary management. Disclosed profits last year were £4.5m, though actual profits this year will be about £5m.

Euroferries bought Singer in 1980 for £25.5m. Given the bank's good trading record since then, sources close to the sale say Euroferries stands to double its money through the disposal.

Equity dispute likely to hit Satellite Television

BY DAVID GOODHART, LABOUR STAFF

MIR RUPERT MURDOCH'S Satellite Television, which starts delivering entertainment programmes to its first cable television customers in mid-January, will be hit by the continuing dispute between the actors' union, Equity, and the Institute of Practitioners in Advertising.

Satellite Television is financed almost entirely from advertising revenue but Equity said that it has told

the company no agreements for advertising work can be signed until its dispute with the IPA is solved.

That dispute, which began at the end of 1982, is over the form of payment to actors working on advertisements for Channel Four and TV-am but Mr Peter Plowley,

general secretary of Equity, said yesterday: "We are not going to make any agreements with Satellite Television or

any cable companies until the IPA dispute is solved."

Although the company has approached Equity to find a way around the dispute, it can rely on non-Equity advertisements originating in the UK and more important, advertisements from America selling international products.

If Satellite Television or cable TV companies looking to the future start to take a closer interest in the dispute they could, however, put

pressure on the IPA—which represents advertising agencies—to start negotiating again with the union.

A meeting on January 6 of Equity members working in West End theatres is expected to endorse an unusual three-year pay deal put forward by the Society of West End Theatres. The deal gives a variation of rises which would be linked to the Retail Prices Index for a further two years.

No Christmas cheer in TV ads row

BY DAVID GOODHART, LABOUR STAFF

THE LOW-KEY dispute between Equity, the actors' union, and the Institute of Practitioners in Advertising celebrates its second Christmas tomorrow with no hope of a quick breakthrough.

The row over payments to actors appearing in commercials on Channel Four and TV-am has the rare distinction of inflicting almost no damage on the two main protagonists.

Many more commercials would have been made for the two new channels were it not for the dispute, but the advertising agencies, represented by the institute, and Equity members are forgoing only extra work.

The innocent bystanders, Channel Four and TV-am continue to complain of the damage to advertising revenue from the dispute, but as ratings have improved, the cries of pain have become less frequent.

In Channel Four's case the problem is in any case indirect, as the ITV companies, who pay for the channel, sell the advertising space.

As all parties have learnt to live with the restrictions on advertising, the only glimmer of hope for a resolution now rests with pressure from the new media, Satellite Television and Cable.

Satellite Television, the company which starts broadcasting general entertainment programmes next month, is to be funded almost wholly from advertising revenue, but Equity has said it will make no agreements with new outlets until the IPA dispute is settled.

The same applies to cable TV, though that is unlikely to rely so much, if at all, on advertising.

If sufficient pressure can be mustered to lever either party to the dispute, some kind of interim agreement should be possible.

The IPA has dropped its insistence on payment to actors being determined by the number of people watching a channel.

The union fear of this extension has probably been the main stumbling block to a temporary agreement.

Equity rejects the principle of payment per viewer, as opposed to payment per potential viewer already built into the ITV system.

Mr Ian McGarry, Equity assistant general secretary, says: "Why should someone who happens to appear in a commercial in the middle of the Cup Final get more than someone who appears after a school programme in the afternoon?"

He complains that the agencies aim at the wrong target. "Payment to actors from a £30,000 advert would usually be about £400," he says. Payment to actors out of the total cost of an advertisement, including payment for air-time, is rarely above 2 per cent.

Equity's position is that anyone making commercials for Channel Four or TV-am should pay the full ITV rate, though from the end of 1982 until July this year it accepted first 75, then 50 per cent of ITV rate to help out the fledgling channels.

It says that more than 1,500 separate agreements have been signed with agencies, many of them in IPA, to make commercials at ITV rates. This is one reason why there are any advertisements at all on the two channels.

The other and more significant reason is that there are various ways in which commercials can be made without falling foul of Equity. These

include not using Equity members at all, and going for buy-out agreements with big stars.

TV-am and the ITV companies find an alternative. They have undoubtedly been hit by the dispute, because with fewer commercials being made they had to drop their price for air-time.

The big ITV stations make much advertising revenue from brand wars between a handful of large companies and these have so far shunned the new channels.

Poor initial ratings on both channels have probably been more important, and the low cost of commercials on Channel Four particularly has attracted advertisers to television who would never before have contemplated it.

The taxpayer is the main loser from the dispute, as the Government has suspended the Treasury levy on television profits, worth about £50m last year, until Channel Four can pay it wavy.

The ITV companies paid £124m for Channel Four last year, but when advertising revenue from the channel, withdrawal of the levy, and the two extra minutes of peak time advertising to offset the discount are taken into account, total movement is probably below £30m.

The Ecomitv Council accepts that the dispute is restricting new work for its members, one reason why the last compromise was recommended for acceptance.

But the commitment to join working party to look at the inclusive ITV fell foul of the entire structure of payment, small caucus of Equity members who make a living full-time from commercials.

cutting production costs.

Hence the IPA plan to link actors' payments to the number of viewers for the new channels, which it also said it wanted eventually to extend to ITV itself.

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International aero-engine group registered

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

INTERNATIONAL Aero-engines, an organisation in which Rolls-Royce has a 30 per cent stake, and which was formed to manage the V-2500 aero-engine for the new generation of 150-seat airliners, has been registered in Zurich.

The seven-member group spans five countries and apart from R-R is composed of Pratt and Whitney of the U.S. (30 per cent), Motoren- und Turbinen Union of West Germany (12.1 per cent), Fiat Aviazione of Italy (8 per cent) and Japanese Aero-Engine Corporation (18.9 per cent).

Initial capital of IAE has not been disclosed. The non-recurring cost of developing the engine is expected to be more than £750m.

All the participating companies have signed an agreement to commit themselves to the V-2500 engine for 30 years. This ensures that the engine can be developed into a family of types for a wide range of uses, probably including land-

based and maritime roles as well as aviation.

IAE itself will be solely a management company, employing about 100 people. Although registered in Zurich, its operating headquarters will be at East Hartford, Connecticut, the home of Pratt and Whitney and its engineering centre will be based at Rolls-Royce's Derby works.

The IAE employees will be involved primarily in administration, while most of those who will ultimately be working on the engine will be based in the member companies' factories.

The cost of the V-2500 engine will be spread over about seven years. Certification of the engine is set for 1987, with deliveries to customers early in 1988.

The Rolls-Royce share of the development cost is about £220m. It will fund £113m itself, and is seeking Government launch aid for the other £107m. A Government decision on

this is likely in the New Year, along with a decision on launch aid of up to £47m for British Aerospace's share of the projected A-320 twin-engine short-to-medium range Airbus.

The V-2500 engine, which will initially have a thrust of 33,000-35,000 lb, will not only be offered for the A-320, but also for other projected 150-seat airliners, such as the Boeing "7 Dash 7".

It could also be used in new derivatives of the smaller Boeing 737, such as the 737-300, and in some versions of the McDonnell Douglas DC-9 jet airliner.

Mr Ralph H. Robins, director of Rolls-Royce's civil engine group, is the first chairman of International Aero-Engines, with Mr Robert E. Rosati, formerly senior vice-president of Pratt & Whitney, president and chief executive.

Mr Robins said that IAE would start marketing the new engine immediately. Detailed design work has already begun, with each of the partners contributing much of the preliminary

work they have already done on research and "demonstrator" engines.

In the case of Rolls-Royce and the Japanese group, this includes much collaborative work done on the earlier RJ-500 engine, of which two "demonstrator" engines have been built, and have been running for some time on the test beds at Derby and in Tokyo.

The work shares of the member-companies of IAE will differ slightly from their financial stakes. Rolls-Royce and Pratt & Whitney will each have 30 per cent of the work, the Japanese group 23 per cent, MTU 11 per cent, and Fiat 6 per cent.

Rolls-Royce and Japanese Aero-Engine Corporation will be responsible for the fan and compressor sections of the engine. Pratt & Whitney will have the diffuser, burner and high-turbine sections (the "hot core of the engine"). MTU will be responsible for the low-turbine section, and Fiat Aviazione for the engine's gearbox.

Mr Kenneth Jacques has been elected President of THE INSTITUTE OF CHARTERED SECRETARIES AND ADMINISTRATORS.

A. F. BUDGE (CONTRACTORS) has made the following appointments: Mr John Bower has been appointed commercial director; Mr David Threadkill has been appointed regional contracts director northern region; Mr R. J. Budge has been appointed managing director and Mr Geoff Fisher and Mr Pat O'Brien have been appointed as directors of Willesey Clay Co. A fully-owned subsidiary of A. F. Budge (Contractors). Mr George Jarrett has been appointed managing director of A. F. Budge (Plant) and Mr Colin Walton has been appointed a director of A. F. Budge (Plant).

Mr J. D. Campbell, general manager (investment) of SCOTTISH AMICABLE LIFE ASSURANCE SOCIETY is to retire on May 12. A new subsidiary company, Scottish Amicable Investment Managers (SAIM) has been formed to control the investments of Scottish Amicable Life Assurance Society, including its various unlinked funds and to provide an investment management service for its segregated funds. On January 1 the investment directors of SAIM are: Mr W. G. Knox (managing director), Mr C. J. Barram, Mr J. R. Crosby, Mr A. W. S. Gilchrist, Mr J. J. Guthrie, Mr E. L. McKnight, and Mr E. Robertson.

INDUSTRIAL FINANCE AND INVESTMENT CORP has appointed Mr Clifford M. Baker a director of Hedgehog Leasing, a subsidiary of Industrial Finance and Investment Corp.

Lord Richardson, a non-executive director of General Electric Company

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APPOINTMENTS

Carpets International chief

CARPETS INTERNATIONAL has appointed Mr John P. Friese managing director of Carpets International (UK), the group's operating company in the UK. Mr Friese, who joined Carpets International last May as UK marketing director, also joins the main board of the parent company.

Mr Friese has been previously group managing director of Stoddard Holdings. Other board promotions at Carpets International (UK) are: Mr Gordon Field, deputy managing director responsible for all carpet operations in Kidderminster; Mr Keith Lister, deputy managing director responsible for residential tufting operations in Yorkshire; Mr Tom Bottomly, deputy managing director for yarn operations; Mr Graham Mallinson, deputy managing director responsible for the company's tile business. Mr David Fletcher is also appointed to the board as director of management services. He will remain associate director responsible for manpower.

Mr John G. Adams has joined the board of NEIGHBOURHOOD STORES. He is also chairman of Southend Estates Group and deputy chairman of Higgs and Hill as well as director of Ransome Symes and Jeffries and director of Associated Paper Industries.

Mr Alan Cockshaw and Mr Ossie Newell have been appointed to the board of AMEC, the international construction and engineering group formed through the merger of Fairclough and William Press.

Mr I. C. Atkinson, Mr N. W. Blackburn, Mr J. Gildersleeve, Mr R. J. Horsman, Mr C. N.

Lewis, Mr T. Macnab and Mr D. M. Tattersall have been appointed directors of TESCO STORES LIMITED, the principal operating subsidiary of Tesco, from January 1.

Mr F. A. Yates has been appointed to the board of ANGLONIDONIAN CORP from January 1. He remains managing director of its subsidiary, The Chillingham Tool Co.

Mr Eric B. Colwell has been appointed chairman of BRITVIC, succeeding Mr Michael Jackson. Mr Colwell, a director of Allied-Lyons, had been deputy chairman of Britvic since June. Mr Jackson is chairman of Showergies, Vine Products and Showways, the wines, spirits and soft drinks division of Allied-Lyons.

Mr Allan Price is to take over as chairman of BOCM SILCOCK and UNILEVER AGRIBUSINESS GROUP-UK and Ireland on January 2. Currently BOCM Silcock's managing director, he succeeds Mr Mike Dowdall who has been appointed deputy co-ordinator with Unilever's Detergents Co-ordination.

The Secretary of State for Trade and Industry has appointed Dr David Grieves and Mr Jake Stewart as full-time members of the BRITISH STEEL CORP for five years.

On January 1 Mr K. R. Harris becomes a director of MORGAN GRENELL INTERNATIONAL, with Mr G. A. Owen and Mr D. Roberts directors of MORGAN GRENELL INVESTMENTS.

Mr Matthew Thorpe has been appointed managing director of

COMPANY INVESTMENTS, a wholly owned subsidiary of C. H. Beazer (Holdings), from February 1. He has been a member of the corporate advisory division of County Bank for the last five years.

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Arbitration refused on Civil Service pay

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT is refusing to allow arbitration a pay claim of more than 12 per cent by about 1,700 senior civil servants. The Treasury has rejected the claim outright.

Two unions, the First Division Association, representing top-grade civil servants, and the Society of Civil and Public Servants, representing executive-level staff, submitted the claim on behalf of the top two grades in the Civil Service's administration group: senior principals and assistant secretaries.

In their letter to the Treasury, the two unions noted that the Top Salaries Review Body, fixed in 1980 a differential between the top of these grades and the next-up—the under-secretary grade, in the so-called open structure—of 93.6 per cent, suggesting a rate

for assistant secretaries of £25,970.

Calculations on the basis of the 1980 pay offer produced a differential which gave a rate of £26,115. The two unions settled for a claimed rate for assistant secretaries at the top of the scale of £26,000.

This implies an increase of £2,841 from the present rate of £23,159, or 12.3 per cent. The top rate for senior principals would rise from £20,794 to about £23,400—a rise of about £2,600, or 12.5 per cent.

The unions attempted in their claim to use the Government's arguments about paying only rates sufficient to recruit and retain staff. They suggested that the present assistant secretary rate could be one of the factors deterring the most able university graduates from

entering the Civil Service. However, the Treasury said there was no case for making a major adjustment to pay differentials. Treasury officials did not regard the differential as unacceptably wide, though the unions argue that the second stage of the latest review body award, due to come into force on January 1, will make them so by setting a new under-secretary rate at £27,750—a differential of 16.5 per cent.

In a further meeting between the two sides, the Treasury made clear it was rejecting the claim completely. Some officials thought the attempt to link it to 1980 pay levels was not even considered seriously attainable by the unions.

The Treasury also refused to allow the unions to take the claim to arbitration. Under Civil Service arbitration proce-

dures, claims for staff at this level in the pay structure can only go to arbitration at the agreement of both sides.

Union officials were insistent that this hard line by the Treasury was because a precedent for any possible attempt to go to arbitration over the main pay increase due in April for £30,000 white-collar civil servants.

The Treasury and the Council of Civil Service Unions have agreed detailed guidelines on the collection of outside pay data for this year's main Civil Service settlement, in a limited return to a restricted form of pay comparability—the first in the service since the Government scrapped the comparability-based Pay Research Unit in 1980, which led directly to the bitter and protracted strikes in the service in 1981.

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The Treasury

Financials spotlight

The equity market climbed relentlessly this week, each day bringing the FT 30 Share Index to another high. Only yesterday did prices falter slightly. Yet if prices were rising there was precious little serious activity to be found on the market floor throughout the week. The exception, however, was the financial sector where hard news and rumour mingled to envelope shares with an air of expectancy.

A faint sign of tension is at long last emerging from the battle for Eagle Star. Competing bids from Allianz and BAT have been lumbering along since the beginning of November but next week the two sides are heading for a final showdown. The Take-over Panel is refusing to allow the auction to be extended beyond the Code's deadline of 48 days. So the two sides have until 4.30 pm next Friday to lodge their final bids with the Panel. In that context Allianz's increased offer of 87.5p a share to match BAT's figure is largely irrelevant. Next week's moves will be the ones that really count.

Eagle Star's moves in the banking and financial services areas added to a mood of impending change throughout the financial sector.

A clearer move

Lloyds Bank enlivened the speculation that has been swirling around the share price of Royal Bank of Scotland in recent weeks. Lloyds has paid £23.1m to buy a further 4.9 per cent of the Edinburgh-based bank in the market, lifting its total holding to 21.3 per cent. The action sparked off a fresh surge in Royal Bank's share price for a gain on the week

LONDON ONLOOKER

of 52p. "A defensive move" cried the British clearer but the market has long learnt that a canny fund manager does not sell on day one when someone is building up an "investment" stake. Not that Lloyds is seriously perceived as a bidder for Royal Bank. However the action is a telling statement on how Lloyds believes the ground rules in the financial sector may have shifted since the Monopolies Commission outlawed competing bids for Royal only two years ago.

Lloyds says that the market purchases are part of its plan to attain full control of Lloyds and Scottish — the finance house 39.3 per cent owned by Royal Bank and 60.3 per cent controlled by Lloyds and guard against any unwelcome ambitions by a third party either for L and S or Royal Bank itself.

Figures from Lloyds and Scottish this week left outsiders in little doubt as to why Lloyds Bank is so keen to keep the "never never" finance house in its portfolio. Even with an increase in bad debts profits for the twelve months to September shot up by £10m to £22.4m. Admittedly L and S is reaping the exceptional rewards of lower money costs against business taken by consumers when rates were much higher.

Lloyds Bank stepped up its interest in L and S after the

abortive bids for Royal from Hong Kong and Shanghai, and Standard Chartered Bank two years ago. It would be logical to seek to guard its interest in the finance house. Yet the reasoning behind this week's activity seems less obvious. Royal Bank has made little secret of its willingness to sell out of L and S and Lloyds could surely afford to strike a deal. So why is the British clearer taking a marginally higher stake in Royal to protect its interest in L and S?

A more probable motive is that the Lloyds' strategists believe the wind of change blowing through the financial sector has swept away the barricades erected around Royal by the Monopolies Commission. Even if Lloyds itself has no intention of bidding for Royal it may want to make the most out of somebody else's efforts.

And merchants

While the market was still pondering events among the clearers, stockbrokers L. Messel next day stepped into the market with a buying order for shares in one of the UK's largest merchant banks, Kleinwort Benson.

The brokers were evidently dealing on behalf of an unnamed group of Arabs — acting through a Netherlands Antilles company — who wanted to top up an existing holding to 10 per cent. The buying was claimed to be for investment purposes only and not the forerunner of a bid.

Yet such is the bid fever of the financial sector that no sooner was the explanation of Messel's lips than Kleinwort's share price had shot out of reach with a 53p rise to 420p — 25p over Messel's buying price.

As a result the brokers only picked up 200,000 Kleinwort shares rather than the 54m they were trying for, leaving the Arabs with a 5.2 per cent holding.

Around at Kleinwort's offices, feathers remained unruffled. The bank says it knows who the ultimate buyers are, describing them as clients of long-standing who are welcome on the shareholders' register. With Kleinwort family trusts holding a quarter of the equity and other family members holding further shares the bank may feel fairly relaxed. But the stock market has become obsessed with changes in the financial sector — not least because of the rapid developments in its own neck of the woods — and Kleinwort's price stayed well over 400p.

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1983	1983	
	Y/day	on week	High	Low	
F.T. Ind. Ord. Index	775.0	+15.7	776.2	598.4	Persistent selective demand
Ault and Wiborg	44	+10	70	26	Sun Chemical 46p bid
Belgrave (Blackheath)	114	+26	157	12	Interim results
Belair Cosmetics	730	+105	730	17	Revived speculative demand
Coccos Bros.	95	+105	102	80	U.S. acquisition
Cons. Marchison	825	+155	825	315	Ahead of dividend
Electronic Machine	70	+20	70	28	Persistent demand
Fill	198	+19	201	67	Rhinotherm optimism
House of Fraser	246	+22	248	150	Share stake sale rumours
Ingram (H.L.)	255	+55	435	18	Speculative bid hopes
International Paint	202	+54	202	147	Minority bid from Courtlands
Kleinwort Benson	435	+68	435	270	Arab consortium buys stake
Needlers	63	+11	66	48	Bid hopes
Royal Bank of Scotland	225	+52	228	115	Lloyds Bank increases stake
Schroders	810	+70	810	465	Speculative bid hopes
Sheafbank Prop. Trust	29	+8	29	15	Rights issue and acquisition
Sovereign Oil and Gas	228	+33	230	125	Drilling report/Forbes financing
Tanjong Tin	240	+90	250	93	Bid speculation
Westland	165	+16	167	124	Press mention
Yorkshire Chemicals	63	-11	85	44	Profit estimates downgraded

Take your partners

One of Wall Street's leading investment firms has found a new way of breaking on to the stock exchange floor. Rather than buy a 29.9 per cent holding in an existing London firm as did Security Pacific with Hoare Govett and Citicorp with Vickers da Costa, Prudential-Bache Securities is forming a joint venture with two individuals to form a brand new firm.

The British contingent is represented by Mr Ashley Down and Mr Christopher de Boer who have been heading up James Capel's corporate finance department. These two will be looking for 20 or 30 City cents, or ladies, to join them over the next year or so.

Prudential-Bache will be putting up the lion's share of the initial £500,000 capital, though under U.S. insurance laws its voting interest will be confined to 8 per cent (the other 21.9 per cent will be non-voting convertible stock). There is little doubting the U.S. house's ultimate aim of formal control once the Stock Exchange's rule book permits.

Quite apart from scoring a first in the way that it has formed its UK presence, Prudential-Bache is also adopting a slightly unusual stance in that the new venture will be concentrating on European, rather than just UK, research. Also the members it has teamed up with suggest a bias towards corporate finance rather than traditional investment dealing. Another financial conglomerate of the future in the making?

Meanwhile the entrepreneurial figure of Mr Michael Ashcroft has stepped upon the

stage. Perhaps better known for his rapidly expanding industrial conglomerate with a web of quoted subsidiaries and associates, Mr Ashcroft is taking his Hawley Group into the field of high-tech broking. This week Hawley took a 29.9 per cent holding in a five-man firm of Birmingham brokers, Fyshe, Horton, Finney.

Is Polly pretty?

An equally colourful entrepreneur who, so far at least, shows no signs of becoming a stockbroker is Mr Asil Nadir. He threw open the doors above his Commercial Road dress showroom to meet the Press and the City's analysts this week. Those who were hoping that Mr Nadir was going to unveil long awaited plans to amalgamate his three quoted companies—Polly Peck, Wearwell and Cornhill—went away disappointed. But they did get the 1982-83 annual accounts of Polly Peck and the eight-month figures from Cornhill to August bringing the latter's accounting date into line.

With all the figures out of the way there seems no reason that the amalgamation cannot go ahead. It would not be surprising to see the details emerge within the next few weeks.

Not that the amalgamation of three Nadir companies will make the market less nervous about this empire. Polly Peck, now the leader of the trio rather than the older Wearwell, has come up from nowhere to profits of nearly £25m within three years. Outside forecasts are all over the place but the more conservative think they are safe with £50m pre-tax for the current year. All three companies

together could top over £60m pre-tax.

Yet Polly Peck's freakish growth from packaging fruit and the questionable political stability of its Turkey/Cyprus bailiwick hardly inspire complete peace of mind. Even so, institutions keep coming back for more every time the price takes a knock—a fairly frequent event over the past year.

Fistfull of dollars

In a week when company results were spread fairly thinly the full year figures from Grand Metropolitan stood out. For the year to September pre-tax profits shot ahead by £75m to £295.5m largely thanks to the rapid rise of its overseas operations.

Brewing and consumer services in the UK managed to keep profits moving ahead—the foods division actually registered a small setback because of margin pressures on dairy products—but as a whole domestic operations have laboured under heavy re-organisation and rationalisation costs.

It was the strength of the U.S. business, concentrated on conversion into weak sterling, which provided the driving force for Grand Met's results. Trading profits from the American consumer division surged from £84.7m to £98.4m over the year. Pride of place went to Liggett which has captured a large slice of the U.S. cigarette market. The international hotels division should not pass without praise, for profits climbed from £22.9m to £27.3m even though the full benefit of the Intercontinental chain is yet to be felt.

Good spirits

NEW YORK PAUL TAYLOR

SANTA CLAUS paid a brief visit to Wall Street in the middle of last week in the unlikely guise of the unknown statistician at the U.S. Department of Commerce who estimated GNP for the final quarter at only 4.5 per cent annually. This indication that the expansion in the economy is moderating and is thus less likely to provoke the wrath of the Federal Reserve Board was just what Wall Street wanted to hear.

Stock prices rose sharply following the Commerce Department's announcement which was accompanied by some optimistic comments from Mr Donald Regan, the Treasury Secretary, and turnover in the Stock Market returned to something like bull market levels.

With the December tax loss selling season beginning to wind down and the retailers clearly enjoying record Christmas sales, all seemed set fair for an end of year rally to warm the cockles of brokers' hearts.

However, at the end of the week, the rally still seemed unsure of itself. Turnover remained good, but there were as many sellers as buyers in the market and investors took too heavy a body blows from setbacks in the airline and utility sectors.

The rest of the market had little to show for itself by the weekend. Oil stocks looked firmer at mid week when there was some buying by major institutions who took the view that the sector is oversold. Motor issues tried to edge forward on reports of improved profitability but quietened down before the end of the week.

The setback in airline issues, which took the Dow Jones Transportation Average down by nearly ten points at one time was a jolt for the market which has taken an increasingly bullish view of prospects for the industry.

The shakeout was triggered first by an announcement from UAL (United Airlines) that it will adjust some of its fares to become "more competitive." Later, UAL clarified its statement, stressing that it had "no intention of setting off a price war," but the stock market had already taken fright. Any revival of fare discounting among

the U.S. domestic air carrier would be bad news for the stock market—bringing unpleasant memories of the savaging industry profits last year.

The fall in airline stocks proved to have been overdone and fare discounting well truly laid to rest. But the sudden dip in stock prices may be a warning from the market not to take too much granted.

The hammering of utility stocks on the same day was more predictable, even if timing was unexpected. The Stock Market has been increasingly nervous of the problem of cost and of public opposition to the building of nuclear power plants. Long Island Lighting (LILCO) has struggled to obtain approval for its Shinnong site, which has the disadvantage of being a little close to Manhattan for comfort.

But last week brought problems of the utilities to a head in a hurry. First, a task force said that put service of Indiana should be its Marble Hill nuclear power project and that stockholders should take a "substantial portion" of the near \$400m spent.

Then, LILCO warned that dividend is at risk, which is not a surprise in view of heavy cash drain imposed by Shinnong. And, to complicate the sector's misery, Carolan Utility cancelled a much power project.

The falls in utility stocks: bad news for those institutions which have been buying them in recent months as an interest rate play—any easing of interest rates boosts earnings of the utilities which are heavy users of capital.

The market effectively said goodbye last week to trading American Telephone and Telegraph stock after 53 years, and 7 stocks will trade next week with an attached coup representing the stock of new operating companies which formally become fresh January 1.

And finally, American Express found itself obliged to sweeten its terms for the deal with Allegheny Corporation because of the 15 per cent fall in its stock price since it disclosed the cost of problems at the firm's fund subsidiary.

MONDAY	1244.61	+ 2
TUESDAY	1241.97	- 2
WEDNESDAY	1254.98	+13
THURSDAY	1253.66	- 1

Odd goings-on at the cabbage patch

"I HEREBY declare the annual meeting of the Cabbage Patch Kids open," said the Bookmaker jocularly as the last plate was cleared away to be replaced by the coffee and decanters. This remark found little favour with the Cautious Man. Always suspicious of the Bookmaker's sallies, he considered that there was a lack of decorum, if not good taste, in likening the five odd friends to odd-looking dolls, especially when they were about to have their annual after-dinner discussion on mining investment.

Mining

KENNETH MARSTON

The Old Investor merely looked around him benignly—the roast sirloin had been magnificent and so had the Fleurie, his favourite wine—and he could not help feeling that in a certain light the Bookmaker's description of them was not all that wide of the mark.

Still, he forbore to chuckle. It would only encourage the Bookmaker to more facetiousness.

Moving spirit

Also, it was to no avail. Having poured his first generous brandy and sent the decanter on its clockwise journey in the wake of the port, the Bookmaker added: "I got a Cabbage Patch Kid for the wife. Seemed a fair exchange."

"Come, now," admonished the Eager Man. He would have spoken sooner had there not been a little problem of consulting his shareportfolio and lighting the wrong end of a cigar at the same time.

"My MIM Holdings, bought two years ago, are up on a balance. Not much, but a profit's a profit."

"We've all made a profit of sorts on our holdings this year," said the Young Investor. A trifle smugly, he continued, "I fancy that I've come out best with a 30 per cent gain over the year on my Rio Pinto-Zinc convertible loan stock."

The Bookmaker, a kindly man and mindful of the fact that his young companion had bought the stock for his infant son on the advice of the Old Investor, smiled and turned to the last named.

"I seem to remember," said the Bookmaker, "that you were also going to recommend the stock to your dentist, Mr René. Did he buy it?"

"If fervently hope so," replied the Old Investor, who was over-joyed for his dental check-up.

"What about my MIM Holdings?" interrupted the Eager Man who by now had mastered the cigar, if not the ash which was poised perilously above his coffee cup, "the price of copper is low and by all accounts over-production of the metal seems likely to continue indefinitely."

"That's true enough," replied

the Old Investor, "but there is spare production capacity in most metals these days. Eventually, the consumer-led economic recovery will spread to the capital goods sector which is of prime importance for the base metals."

"Mind you, I cannot see any runaway rise coming in their prices, although the low-cost mines will still be able to earn respectable profits."

MINING

KENNETH MARSTON

"MIM will probably be all right but if you want a wider spread of interests, especially in the U.S. which is recovering strongly, then I suggest that you switch into Newmont Mining. It's one of the best," he added.

"Good enough for Consolidated Gold Fields," piped up the Young Investor, sagely, "and now that the London group is

and have a punt in something more exciting," said the Bookmaker as he poured another brandy.

"Damn," said the Eager Man as cigar ash fell into his coffee.

"On balance," said the Old Investor, "I would keep the shares. The nickel market is picking up. Inco is a low-cost producer of its Sudbury mines and the company is a leaner and, I hope, a more efficient animal these days, having learned some painful lessons in the past."

"Just done a nice deal with Taiwan, too," added the Young Investor whose display of investment knowledge was beginning to grate, just a little, on his elders.

As ever, the Bookmaker restored the good humour of the gathering. "Nobody's said a dicky bird about my Selstrut Holdings," he announced. "Bought as a long-shot two years ago and still a long way from the winning post."

"You should have blown one of those pep pills through a paper tube into the horse's

mouth," said the Cautious Man as, with an ill-concealed snigger, he congratulated himself with a glass of port.

"The trouble was that the horse blew first," retorted the Bookmaker, adding with a guffaw, "they call me the fastest thing on two legs at Kempton Park now!"

"Well," replied the Old Investor, "I did warn you that Selstrut was a long term speculation. And I still believe that British Petroleum will not let this wayward subsidiary and all its Australian shareholders go down. I think that BP will see them right, as they say."

"Talking of Australia," asked the Eager Man, "what about your Western Mining holding?"

"I was hoping that nobody

would ask me about this one," replied the Old Investor. "They fell in 1982, recovered strongly in 1983 and now that I am showing a modest profit everybody tells me that the shares are over-priced."

"I like them because of the company's shrewd management and exploration track record, and its gold interests because I think that gold will recover next year once the U.S. dollar starts rising and inflation rates edge up."

"I'm glad I took a small profit on my Western Deep Levels gold share options while the going was good," said the smug Young Investor.

The Eager Man was not to be side-tracked. Are you going to keep your Western Mining, or sell them?" he asked the Old Investor.

Now becoming almost insufferable, the Young Investor interrupted: "I know what I'd do. I'd sell the shares and reinvest in the options which are exercisable at £1.50 per share (about 93p), starting in the last week of February. That way I reckon I'd get a better run for my money."

"I'd keep 'em," said the Bookmaker who preferred to back favourites rather than outsiders.

Down below

"Something's burning," exclaimed the Cautious Man.

"Under the table," said the Eager Man.

"Who is?" asked the Bookmaker, peering below the tablecloth.

"Not who, but whatever it is that is burning," said the Young Investor as he dived below the table.

"Got it!" cried the Cautious Man as he scrambled for the Eager Man's cigar in the smoky depths.

Heads bumped. The Bookmaker roared with laughter, overbalanced and grabbed for the tablecloth as he, too, slid beneath the table. Cups, spoons, saucers and glasses merrily followed.

The Old Investor took advantage of the mayhem to make his usual silent departure, leaving behind only the customary spiral of cigar smoke.

"He's slipped away again," observed the surfacing Bookmaker.

"Always does," said the Cautious Man, wiping himself down with the Young Investor's napkin.

"And we still don't know what he is going to do about his Western Mining shares," added the Eager Man.

"Will just have to wait until next year to find out," replied the philosophic Young Investor as he trod on a spoon.

Pension Fund Investment

The Financial Times proposes to publish a Survey on the above on Tuesday, February 21 1984. The editorial synopsis which is now available includes the following headings.

- Introduction
- Asset Allocation
- Portable Pensions
- External Managers
- Management Selection
- Fees
- Performance
- Active/Passive Strategies
- ERISA Funds
- Role as Shareholders
- Political Pressures
- The Stock Exchange

For details on advertising in the Survey please contact Nigel Pullman, The Financial Times Ltd., Bracken House, 10 Cannon Street, London EC4P 4BY. Telephone 01-248 8000 ext. 4070.

SAVINGS OFFER

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UK CONVERTIBLE STOCK 24/12/83

Name and description	Size (£m)	Current price	Terms*	Con- version dates†	Flat yield	Red yield	Premium‡		Income			Cheap (+) Dear (-) §	
							Current	Range‡	Equ§	Conv§	Div§	Current	
British Land 12pc Cv 2002	9.80	325.50	333.3	80-87	3.7	0.1	- 5.2	- 5 to + 4	30.4	34.3	1.1	+ 6.3	
Hanson Trust 9pc Cv 01-06	51.54	272.50	107.1	85-01	3.6	0.1	- 2.3	- 12 to - 2	167.9	73.5	- 33.9	- 31.7	
Slough Estates 10pc Cv 87-90	5.03	261.50	234.4	78-84	3.8	- 10.0	- 10 to - 5	6.7	0.0	- 2.3	+ 7.7		
Slough Estates 8pc Cv 91-94	24.72	121.50	97.5	80-88	6.6	4.5	0.5	- 1 to 6	21.7	24.9	2.7	+ 2.3	

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The date of conversion of convertible stock is convertible. ‡ This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. § Income on £100 of convertible stock. ¶ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. †† This is an indication of relative cheapness. ‡‡ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

Today's Rates 10 1/2% 11%

3i Term Deposits									
Deposits of £1,000-£50,000 accepted for fixed terms of 3-40 years. Interest paid gross, half-yearly. Rates for deposits received not later than 20.12.83 are fixed for the terms shown:									
Term (years)	3	4	5	6	7	8	9	10	3i
Interest %	10 1/2	10 1/2	10 1/2	11	11	11	11	11	11

Deposits made and further information from the Treasury Investor in Industry Group plc, 91 Waterloo Road, London SE1 8UF. Tel: 01-429 4022 Ext. 30-71. INVESTORS IN INDUSTRY

Statistics provided by DATASTREAM International

Turkey and chips coming up

N ASTONISHING Christmas lending spree cleaned up at High Street shops of home computers. If one of the million more units to have been sold in the UK during 1983 has found its way into your home, did it be of any practical use? A glance around the computer shelves of any branch W. H. Smith makes it clear at the current emphasis is all in games. This Christmas the microelectronic circuits will be equipped with the antics of various types of galactic invaders, or with more elaborate venture games.

The memory chips may be added with something a little more intellectual, like chess or computer Scrabble.

But when the games have been finished, the hardware will be available for something more serious. Family finance is an obvious field where home computers could be put to work.

In no time, this will push the total cost of the package up to the region of £1,000—a far cry from the £100-£200 range which will buy you a simple Spectrum, Oric or Dragon.

For domestic tasks, therefore, you will probably have to make do with a simple machine plugged into your TV set, and fed with programs through the

duplicates in reserve.

The main problem at present, however, is the lack of availability of a broad range of software. Writers of programs have been drawn to the more lucrative games market, though some of them now accept that financial software for domestic users might have the virtue of a long sales life.

grams, and the financial experts who advise on what the programs ought to be designed to do.

Family banking and portfolio management are some of the obvious areas which can be tackled, but it is vital to have a clear idea of what might be valuable to a user who is not a computer freak.

devote several hours to mastering a complex manual before he can manipulate the program to useful effect.

Different types of user will favour different approaches. I must confess that my own experience was to find the cursor frequently stranded hopelessly in the wrong part of the screen, or to find it impossible to stop the computer relentlessly performing the wrong task.

Was it entirely my own fault? I derived comfort from Oxford Computer Publishing's instruction booklet for finance managers which said, with refreshing honesty: "While we try very hard to produce a totally user-friendly program it is always conceivable that there is one bug that we have missed."

Bugs are an inevitable risk in pioneering family finance programs such as these. To most people, probably, they will have little more than curiosity value. There is still a lot to be said for the old-fashioned information processing system called pen and paper.

But when the software is further refined, and the price of the add-on equipment comes down more in line with that of the computers themselves, it could be a very different story.

After Scrabble, chess and Space Invaders, you could put your computer to work on family finance

BARRY RILEY reports.

crude but cheap medium of a cassette recorder.

This method of loading and saving programs is not only slow—the programs reviewed here took up to 31 minutes to load—but can also be hazardous.

It can be infuriating to find that your precious data has somehow got lost or garbled. But at least spare computer cassettes only cost 50p each, and it is fairly easy to keep

In the business field, fortunes have been made out of financial software, notably with so-called "spreadsheet" programs which help businessmen to analyse their finances. But private individuals do not normally run their affairs like a business, so a rather different approach is needed.

A practical problem is that of bringing together the computer wizards who write the pro-

grams, and the financial experts who advise on what the programs ought to be designed to do.

Family banking and portfolio management are some of the obvious areas which can be tackled, but it is vital to have a clear idea of what might be valuable to a user who is not a computer freak.

devote several hours to mastering a complex manual before he can manipulate the program to useful effect.



Let's get it over before dad starts checking his credit card

It's you against the taxman

'HIS IS a program designed to work out your personal tax bill, and has been written by experts from Money Which? and the Consumers' Association.

The first question is whether you are 1—Male or 2—Female and though the alternatives get little more tricky later on it remains a straightforward program. It runs on the BBC model B.

After ploughing through a

multitude of screens and answering all the questions, the machine will work out your tax bill. Taxcalc is claimed to be capable of coping with all but the most unusual personal circumstances. However, if you wind up in disagreement with your tax inspector you may still need to find out where the differences arise. This will mean poring over the accompanying 36-page booklet packed with detail in tiny type. So

Taxcalc is not necessarily an easy way out, though it is no doubt a lot cheaper than hiring an accountant.

The big disadvantage of a tax program like this is that it can only be valid for one year—in this case the 1982-83 tax year. It will have to be updated for future years. If any tax changes are small, then it might be possible for somebody with knowledge of BASIC programming to change a few lines in the program.

Otherwise it would be necessary to buy an updated version—which would certainly be needed if more fundamental tax changes required adjustments to the program's structure.

Taxcalc, published by the BBC, 35 Margelone High Street, London W1M 4AA, £17.25.



Smiles at one of 1984's new babies

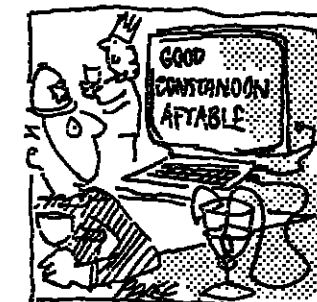
One for the meticulous

A PLEASINGLY simple program to use, with all the necessary instructions crammed on to a card tucked into the cassette case. It is written for the 48k Sinclair Spectrum.

It includes a budgeting program and a bank account section, together with a facility for calculating mortgage repayments (which seemed to work quite well, though I am happy to let the building society do it for me).

An immediate impression, however, was that the computer was annoyingly slow in responding to the inputting of figures; it was therefore a vital design feature that an audible beep signalled that each figure had been registered.

The program, moreover, seemed intolerant of my mistakes. When I inadvertently, through clumsy keying, called for a bank statement for



November 1938 instead of 1983 the computer began to search through 45 years of empty files at the rate of about one day per second. I could find no way to stop it short of pulling out the plug.

No doubt with practice you learn to be more careful. In other respects this seemed to be a very effective piece of software for those admirable people who manage to keep their financial affairs perfectly organised.

For most of us, there would be severe practical problems—in entering transactions through a joint bank account, for instance.

And if you are so hard up that you have to budget so carefully, can you really afford a home computer? Cash Controller, by Richard Shepherd Software, Elm House, 22-25 Elmscott Lane, Crippenham, Slough, Berks. £9.95.

Mother-in-law's assets

My mother-in-law, aged 68, has an estate worth approximately £200,000, consisting of house and contents (£100,000), securities, mainly local authority bonds, (£70,000) and shares in a family company (£25,000). On her death the estate is to be divided equally between her three daughters. So far no measures have been taken to avoid capital transfer tax.

An insurance broker is suggesting taking out a capital transfer tax asset protection plan, through an assurance company, which is specially drawn up for "locked in assets" such as a house, work of art etc. I understand that the plan is based upon the fact that CTT liability is assessed upon the loss to the donor rather than value of the assets received by beneficiaries. The donor takes out a whole life assurance policy with the first premium paid immediately and the second one due three months after the donor's death. I am wondering what line the Inland Revenue is likely to take on the scheme and if the scheme would be the most apt for my mother-in-law?

Your mother-in-law needs independent professional advice, and the size of the estate appears to us to justify the expense. If none of your friends can recommend a solicitor or accountant, perhaps your bank manager can help. Personal financial planning is best done across a table, in the light of all the background facts.

Victim of Nazi persecution

I was widowed in May of this year and my main income is the widow's pension paid to me from the German state department by whom my husband, formerly German and a victim of Nazi persecution but naturalised British, had been employed. Originally when the pension was granted my husband paid tax in both countries but later on reclaiming his German nationality (he then had dual nationality) tax was only payable in Germany. Since that time there have been EEC countries regarding tax but so far the Tax Dept have been unable to inform me if I shall be liable for tax on any part of my pension from Germany. The money is taxed of course at source and I am never sure of the actual monthly amount I receive as it is dependent on the rate of exchange. I am British by birth.

Can I please have your opinion. Your husband's dual nationality entitled him to exemption from UK tax on his pension, by

virtue of article IX (2) of the FRG-UK double taxation convention of November 26, 1964. As you are not (apparently) entitled to claim German nationality, your FRG pension will be taxable here. However, the combination of FRG and UK tax is unlikely to exceed 15 per cent by virtue of section 22(2) of the Finance Act 1974. Ask the tax office for a copy of the free booklet IR25 (Taxation of foreign earnings and foreign pensions). If they do not eventually sort out the position for your satisfaction, please come back to us (with precise figures for each of your pensions etc). Preserve your German tax papers for production to the UK authorities.

Nuisance from chimney

My father's house and the adjoining property have a common wall. The adjoining property have a downstair fireplace and chimney in this wall. When they have a fire the wall becomes hot and smoke comes through the wall into my father's house. We have requested that they line the chimney or stop having fires but they refuse. The previous owners did not use the fireplace. My father has no fireplace or chimney in this wall.

Obviously the fire gases are causing the wall stone and mortar to decay. What can we do to stop the neighbour causing the smoke damage which if it continues may cause the points to catch fire?

If, as seems likely, you can establish that the smoke which penetrates from the adjoining house does so otherwise than by reason of the original design of the chimney, your father would have a cause of action in nuisance and could seek an injunction to restrain his neighbour from causing or permitting the nuisance; provided that the nuisance has not continued for more than 20 years.

Tenancies and grazing

I have followed and noted your correspondence re tenancies and grazing over the last year with interest. It has been suggested to me that if cattle are grazed rather than horses, or as well as horses, a 364-day agreement does not avoid a tenant acquiring agricultural rights. Could I please have your opinion?

The statutory proviso which exempts grazing tenancies for less than a year from the security of tenure afforded by the Agricultural Holdings Act

1948 is not limited to grazing by horses; it includes grazing by cattle.

Holiday insurance

I am proposing to book up a holiday country property next year with a firm which specialises in this business. They impose a condition that with every booking made, one has to take out their own insurance scheme covering cancellation. I do not wish to do this as I always use my own insurance arrangements which afford me better cover. I seem to have heard about "conditions of sale" which I thought was illegal. Can you please advise me on this question?

I have used another company in the North which has the same stipulation in their terms but they do not insist when I put it to them. I would however much like to know the legal position. The term to which you refer does not appear to be illegal, and we doubt if it would be struck down as an unfair term under the Unfair Contract Terms Act 1977. Your remedy is to do business with a firm which does not insist on the term to which you object.

Capital gains tax

For some years I have had a second home on the Welsh borders. Recently in preparation for retirement I have moved to the present smaller house. I understand I now have the option of declaring either as my main residence.

The old house on the Borders was bought for some £2,000 in 1966 and now, following considerable hard work and expenditure could be worth £45,000.

What is the position regarding CGT? Should I inform the Income Tax Office that this will be my main residence in future? Quite genuinely, I shall be spending at least half my time in the house.

You have the right to nominate either house as your main residence (for CGT purposes only), by giving notice to your tax inspector under section 101 (5) (a) of the Capital Gains Tax Act 1979. The notice can be retrospective, up to 24 months; and you can alter your choice later (again up to 24 months retrospective).

Don't be fainthearted

FAST-MOVING and elegantly designed, Finance Manager seems to have a lot of potential, but only if the user is prepared to put some effort into mastering it. A complex instruction booklet is packed with opaque commands such as "return to the Process Trans Menu" which will rapidly deter the faint-hearted. However, it is worth persevering.

Finance Manager, for the 48k Sinclair Spectrum, is basically a filing system for recording financial transactions, but with a number of refinements. It can operate up to 255 separate accounts, including over 1800 individual transactions. There is automatic double entry, so that if you enter a payment by cheque to, say, Sainsbury's, a matching debit will appear on your bank account.



The data can then be manipulated in various ways—you can call up your bank or credit card account, for instance, or analyse expenditure according to a variety of categories to which transactions can be assigned. The file data is saved separately on to a second cassette. (not provided, although there is room for

one in the box) which should make it easy to keep duplicates. But you do need to be relatively computer-friendly. And as with Cash Controller, you would need to be exceptionally well organised to find such a program useful. Finance Manager, by Oxford Computer Publishing, PO Box 99, Oxford.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

The weight of a will

The draft of a Will and Trust has been re-drafted so that what was covered by the Trust is now detailed in an Appendix to the Will. This Appendix mentions possible future beneficiaries, and also contains my wishes for the care of my grave and other matters.

According to this latest draft, I would, of course, sign at the bottom of the document and all would be part of my will. Nevertheless, I am worried that what is mentioned in the appendix should have less weight than that mentioned beforehand. I am thinking of a possible dispute over the will, where a beneficiary mentioned in the main part, who would be disadvantaged by the implementation of a clause in the Appendix, could claim that the main thrust of my wishes was expressed in the will and not in the appendix.

I was thinking of having the draft changed so that what is now in the appendix would be headed as "Part Two." Would you advise to do this, or do you think that my worries are unjustified?

It is better to redraft your will so that the matters in the "appendix" are all fully incorporated in the will, and of course to execute the fresh will anew in front of two witnesses who are both present at the same time and sign the will as witnesses to that fact.

Selling the Silver

When my parents moved house in 1950 they gave me their large furniture together with silver and paintings. For the same reasons as my parents I have found the furniture too large. I have sold a large proportion. They have been sold as separate items, and the highest price I received was £2,500 for a piece of furniture. Would I be liable to capital gains tax?

Chattels worth less than £3,000 are exempt from CGT and while the balance over £3,000 is chargeable, the first £3,000 of all gains in a year is exempt

Payments to ex-wife if she doesn't tell

The English High Court ordered me to pay my former wife £100 per month, until she remarries or cohabits, as a result of a divorce by consent. I cannot easily discover relevant changes in my former wife's circumstances because I work extensively in South Africa and she does not communicate. I send the £100 monthly to her last known address. I suspect that she will cohabit or re-marry without informing me, and continue to cash the cheques. In the event of this happening would it make her guilty of unlawfully taking money by fraud or deception? If so, would it be a breach of criminal law, which

could lead to a police prosecution, or a breach of civil law allowing me to sue privately?

If I took up South African residence or citizenship could the English court order be enforced?

If the event which you envisage occurred we think that there would not be a criminal offence unless there were an untruthful response to a direct question. However, moneys paid after the order had ceased to be effective may be recovered as moneys paid under a mistake of fact. There are no reciprocal enforcement arrangements with South Africa.

When she drove away with another man

My wife is carrying on with another man and she still used the home but my solicitor said I could not lock her out. Last week when she went to work in her car in the morning she took several things with her in the car. I reported it to my solicitor and he told me to change the locks and keep her out. This I did.

This week while I was at work she came with a van and smashed a window and has taken practically everything; all she left is a bed, wardrobe and the television not even bedclothes or towels. She also smashed the garage doors and

took all my tools. I have reported this to my solicitor and he says I can do nothing. I have called in the police and they say they can do nothing.

What I would like to ask you is this: correct? Can I sue her or take a court order against her? Can I make her return my personal goods?

From what you say it seems that you should be able to obtain an injunction for the return of your personal chattels and tools. We suggest that you press your solicitor to consider taking such a course urgently.

ROLL-UP ALTERNATIVES

Portfolio 30

Capital Gains

A method of buying and selling gilts in order to make full use of Capital Gains exemptions.

Portfolio 30
Barlow Clowes & Partners offer a fully automatic service which achieves this for you, without any action on your part following investment.

Portfolio 30S
A subscription service that sends you on average 6 personal reports a year—telling you the next gilt to buy and when—so that you can achieve maximum tax efficiency from Short Dated Gilts. Portfolio 30S is a subscription service only.

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Name _____
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2703

CONSOLIDATED MURCHISON LIMITED

(Incorporated in the Republic of South Africa)

DECLARATION OF FINAL DIVIDEND NO. 72

Final dividend No. 72 of 80 cents per share has been declared payable to holders of ordinary shares, registered in the books of the company at the close of business on 15 January 1984. The dividend has been declared in the currency of the Republic of South Africa and payment from London will be made in United Kingdom currency. The date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 16 January 1984 or such other date as set out in the conditions subject to which the dividend is paid. These conditions can be inspected at the registered office or office of the Liquidator of the Company. Warrants in payment of this dividend will be issued on or about 10 February 1984. The Transfer Books and Registers of Members of the Company in Johannesburg and London will be closed from 14 January 1984 to 20 January 1984, both days inclusive.

By order of the Board
ANGLOVAAL LIMITED
Secretary
per: E. J. Thomas

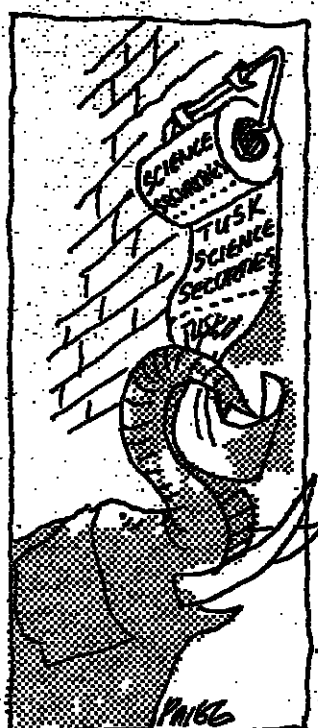
Registered Office:
Anglovaal House
25 Main Street
Johannesburg 2001
Anglovaal (Pty) Ltd., Johannesburg
Anglovaal Trusts Limited
255 Regent Street
London W1R 6ST

23 December 1983

هذه امنه الاصل

Fantasies about companies

DOMINIC LAWSON picks his new year naps from the equity market. Warning: This is an imaginary portfolio. Otherwise it would seriously damage your wealth.



The Turkish Magic Carpet Company

This company has perfected a method of taking perfectly ordinary businesses and then placing the assets on one of its patented levitating carpets. The carpet never falls although there is a danger the passengers may fall off, if they forget the magic spell: ("only buy, never sell")

Pitch and Put

This is the last firm of quoted stockbrokers not to have been bid for in the great Stock Market liberalisation scramble. Although Pitch and Put makes a market only in its own shares (cumulative preference) it is bound to be attractive to any U.S. financial institution which doesn't know any better.

Tusk Sciences

This biotechnology venture is shortly to make its USM (Unlikely Securities Market) debut. According to the prospectus, Tusk Sciences has devised a totally new application for recycled elephants droppings. We cannot give further details for reasons of good taste and commercial security.

NOT AN ADVERTISER'S ANNOUNCEMENT SELL AND PROSPER— DETERIORATING COMPANY FUNDS



Have you noticed the way the British economy has been going over the last 110 years?

It doesn't take much research to be able to say "down." What does take intense research however is picking the worst companies.

Here at Sell and Prosper, we have picked together a team of leading industrialists from the West Midlands and Lancashire with a consistent record of picking losers.

Our investment philosophy is based on a subtle synthesis of the "bottom-down" and "top-down" when the "fire down" approaches. Using our Neo-Malthusian, lack-of-supply side economic theories we first identify a poor country, then a poor sector in the country and then a poor company in that sector.

Whenever we find one, we sell it short. This week our unique 2583-day moving average gave us an unmistakable "over-bought" signal for the UK stock-market, a market with unlimited potential for short-selling.

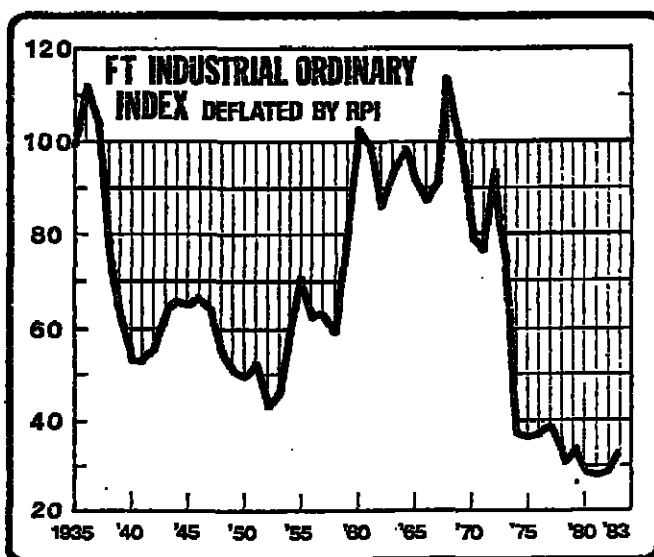
Our philosophy in the UK market has always been to invest in the mouldiest-chip stocks. On February 3, we went short of London and Liverpool Trust at 314p. On December 13, we bought back to cover our position at 33p, a profit of 850 per cent.

On June 2, 1982, we went short of Caravans International at 18p. Six months later the company

about International investors (American tourists) pay double.

● Widgets International
My recovery stock for 1984. Over the past three years this famous old firm of metal basters has absorbed £498m in pre-tax losses, and £1bn in below the line write-offs. Reports that WI's shares have been suspended should not deter investors; this could herald the bid I forecast this time last year, and the year before that.

● Misapplied Semilogic. USM high tech stock of the year. It has not yet made any profits but the managing director has



was bust and we bought back at 3p, a 500 per cent profit.

DTI obligatory warning: the price of shares can go up as well as down.

Trade unionists may also be interested in a new fund we have launched in response to the recent legislation,

and court judgments: The Sell and Prosper Trade Union Special Situations Fund, based offshore in Eastern Siberia. The ideal way of protecting your capital against the ravages of the present Government's policies. Guaranteed proof against sequestration.

workers. However it has acquired acreage at the exact antipodes to Gulf's famous discovery in Block 49/9 of the Celtic Sea. So if the oil is much deeper than Gulf's seismic have indicated, Blarney's asset value could be miraculously transformed.

● My last nap is "2084 Copyrights plc."

Have you noticed how well George Orwell did out of 1984? 2084 Copyright has acquired exclusive rights to the use of the year in all media forms known or likely to be discovered over the next 100 years. Buy now and hold for (very) long term capital appreciation.

● Blarney Oil.
Despite all the frenzied activity in Irish oil stocks, this one appears to have gone unnoticed, even by its own rig

Five little pigs went to market

ANNA HEALY-FENTON looks at how Mickey Mouse and others are entering the savings Market.

THIS YEAR, the likes of Snoopy, Paddington Bear and Mickey Mouse will not just be filling out stockings tomorrow morning. They will also be jostling for position next week as they vie with less well-established animal characters like Sir Nathaniel Piggy to lure Granny's Christmas Eve into children's savings accounts all over the country.

Of all the banks and building societies trying to entice child savers with gimmicks, National Westminster has gone to the greatest lengths to devise the most extravagant package and outdo the competition.

It has come up with the Westminster Piggy family, a five-piece novelty Piggy bank which the child receives free as an incentive to save. Baby Woody Piggy wearing nappies is the reward for opening an account. His sister Annabel, brother Maxwell and parents Lady Hilary and Sir Nathaniel Piggy trot alone one at a time for each £25 deposited. Savings progress is calculated on Woody's Wobbly Tree chart.

The Piggies have proved to be so popular with both children and NatWest staff since their launch a fortnight ago that stringent security measures have been taken to prevent them escaping from their pens in the bank.

None of NatWest's competitors has come up with such an expensive scheme (five Piggy banks cost £1.50 each). Little savings accounts with a money box and a holiday certificate. Barclays has a similar number of accounts and of £5 claimable with Frocker Gamble packet tops.

Midland, in conjunction with Helix International, offers free with a token from a H.I. instrument box. Little savings accounts also get the chance to enter family holiday competition, so far only 20,000 have opted.

The building societies stuck to familiar old favours to promote their children's savings products. The Bristol West has enlisted Snoopy to promote its scheme; he is responsible for sending the savings and Christmas cards, although how the scheme is remains a secret.

Less coy is the Cheltenham and Gloucester which employs Paddington to wave its flag, writes to his 60,000 custom twice a year and sends birth cards and presents.

But he is clearly not appealing as the Abbey National's Mickey Mouse, whose 1 on a badge has attracted 750 accounts with a twice ye magazine to back him up.

The sty's the limit, as West says, in the race to customers as young as possible in the belief that they will once ensnared by an animal mascot or the prospect of holiday, remain loyal for life.

The Investment Trust Table

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Holiday Champagne Quiz

Today is the day we publish the How To Spend It Page's annual quiz. For the last month readers have been ringing in to ask which day it was to be published so as to make sure of not missing it and here, at last, it is.

As usual, we have tried to supply a mixture of brain-teasers—from those requiring general knowledge and a good memory to those taxing patience, logic or a fair for numbers. We hope we've got the mix right and that there is something here to appeal to most members of the family.

There is the whole of the holiday period to muse over the problems—answers need not arrive in this office until the morning of Monday, January 9, 1984. Those who have tried the quiz before will have learned that it is best to work out the answers on rough paper and then use the gaps we have left on the page itself to send in the neat answers.

The quiz has been devised for us by Tough Puzzles, Honey Russell's new subscription only monthly magazine.

Honey Russell would be happy to send a free sample of the magazine to any reader who likes the quiz and fancies the idea of a monthly mind-teaser. For a free copy of the magazine just send two 12p stamps to E A F, 106, Hammersmith Grove, London W6 7HB.

When you have filled in all your answers send the page itself in an envelope marked "Quiz" to: How To Spend It Page, Financial Times, Bracken House, 10, Cannon Street, London EC4 4EY.

We will be giving the usual prizes—a magnum of champagne to each of the first three readers whose correct or nearly correct entries are opened in this office on Monday, January 9, 1984. Answers and winners will be given in the issue of the following Saturday, January 14, 1984.

I hope you all have a lot of fun doing the quiz and a very Happy Christmas to you and all your families.

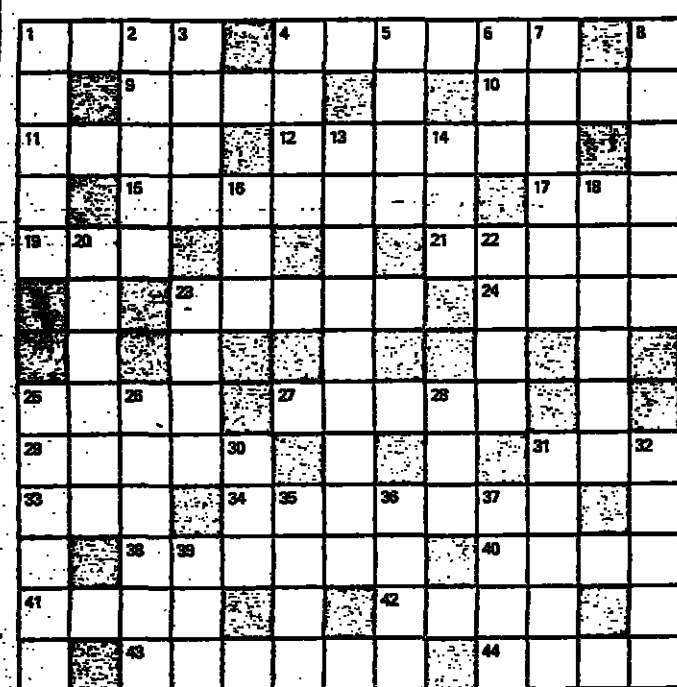
Literary Quiz

- 1—What is the connection between:
(a) the authors of Rip Van Winkle and White Fang?
(b) the author of The Garden Party and Sir Thomas Bertram's Park?
(c) Forster's Howard, Ford Madox Ford's parade and Beckett's game?
(d) Tennyson's seaman and Shakespeare's mother?
(e) Conrad's darkness, Scott's Midlothian and Greene's matter.
- 2—What is wrong with the following quotations?
(a) Water, water, everywhere. But not a drop to drink.
(b) He was the noblest Roman of them all.
(c) Music has charms to soothe a savage beast.
(d) Stands the Church clock at ten past three? And is there honey still for tea?
(e) I must go down to the seas again, to the lonely sea and the sky.
- 3—What sports are suggested by:
(a) the author of The Forsaken Mermaid?
(b) Dickens's fireplace?
(c) The Joads.
(d) The March sisters.
(e) The Starkadders.
- 4—In which books do the following families appear?
(a) The Joads.
(b) The March sisters.
(c) The Starkadders.
(d) Crotchett Castle, Nightmare Abbey, Doubting Castle.
(e) Henry V, Henry VI, Henry VII.
- 5—What type of family is composed of the following?
(a) Forster's African, Kipling's man and Wilde's happy boy.
(b) The mirror crack'd.
(c) Conrad's sailor.
(d) Constance.
(e) Excalibur.
(f) Stranded schoolboys.
(g) She should have died hereafter.
- 6—Which is the odd one out in each of the following groups, and why?
(a) The Bostonians, Dubliners, The Europeans.
(b) C. Day-Lewis, C. S. Forester, C. S. Lewis.
(c) Villlette, Clayhanger, Middlemarch.
- 7—Which "Lord" or "Lady" is suggested by each of the following?
(a) A fan.
(b) The mirror crack'd.
(c) Conrad's sailor.
(d) Constance.
(e) Excalibur.
(f) Stranded schoolboys.
(g) She should have died hereafter.

Tricky Quickies

- 1—As winter's icy grip slackens, the three icicles hanging outside my window begin to melt. Icicle A, which is 12 cms long, drips at a rate of one drop per minute. Icicle B, which is 24 cms long, at one drip per 20 seconds. Icicle C is 20 cms long. For every 60 drips, the icicles shorten by one cm. If, at the moment that icicle C has completely dripped itself away, B is exactly twice as long as A, how often does icicle C drip?
- 2—Five people are standing in a row. My only sister is standing between her brother-in-law and his brother-in-law. My sister's husband, who is an only child, is standing next to his sister-in-law, who is standing two places away from my brother. Who is standing next to me?
- 3—The forester loaded his lorry with fir trees from his plantation and set off to deliver them to eight retailers in time for Christmas. At the first shop, he delivered one-eighth of his trees; to the second, one-fifth of those remaining; to the third, one-eighth of those remaining; and so on. At the eighth shop, he delivered the last tree. One-quarter of those remaining on his lorry were delivered to the fifth shop; one-half of those remaining, to the next; one-third of those remaining, to the seventh; and the final 10 trees went to the eighth shop. How many fir trees did the forester have on his lorry to start with?

Addacross

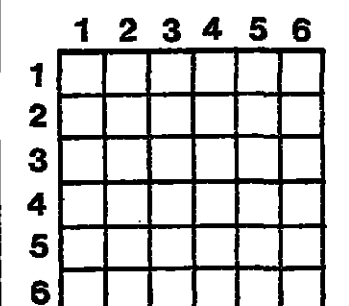


The letters given at each clue are part of the answer, and appear in the right order. You simply have to complete the word in each case. For example, the clue 'TRAY' could lead to many answers, including TRAY, TRIP, TORN, TURK or STAR.

- | | | | |
|-------------|-------------|-------------|------------|
| ACROSS | 25 OK (4) | DOWN | 20 POS (6) |
| 1 BA (4) | 27 COW (5) | 1 LON (5) | 22 ON (4) |
| 4 OLI (6) | 29 OSR (5) | 2 SDV (5) | 23 AK (4) |
| 9 LL (4) | 31 ST (3) | 3 SI (4) | 25 HMG (6) |
| 10 AI (4) | 33 EN (3) | 4 CL (4) | 26 CDR (6) |
| 11 IA (4) | 34 DDMT (7) | 5 IF (4) | 28 OE (3) |
| 12 AFC (6) | 38 CEE (6) | 6 AC (3) | 30 OC (3) |
| 15 IPUT (7) | 40 GY (4) | 7 RTT (6) | 31 TRP (5) |
| 17 TH (3) | 41 EW (4) | 8 IFC (6) | 32 HME (5) |
| 18 RY (3) | 42 SO (4) | 13 FSLD (9) | 35 OP (4) |
| 21 LLA (5) | 43 APD (6) | 14 EL (3) | 36 AD (4) |
| 22 RIG (5) | 44 EP (4) | 15 UP (3) | 37 OS (4) |
| 24 RN (4) | | 18 DLE (6) | 39 WE (3) |

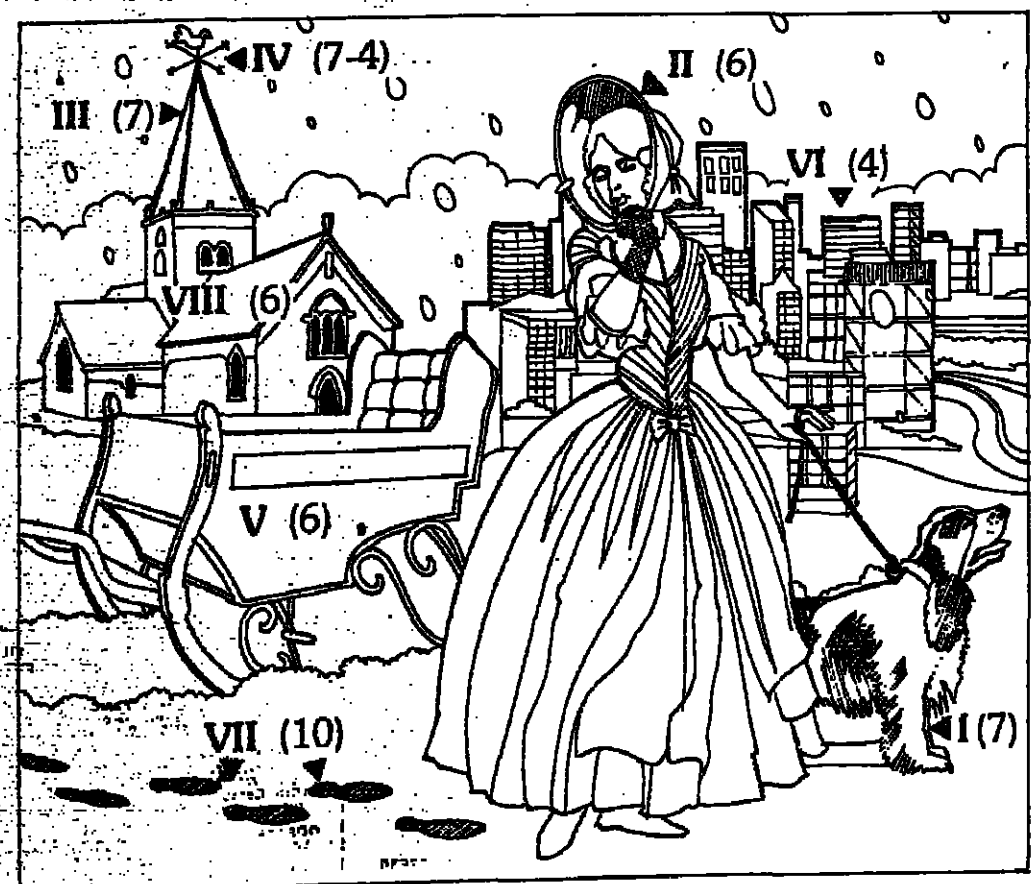
Figure it out

The digits 1-9 each appear four times in the grid, and no two squares which are adjacent horizontally or vertically contain the same digit. Every instance of a digit's occurring more than once in a row or column is mentioned in the clues.



- ACROSS
- 1 A pair of 8s, which are the highest numbers; the sum of the digits is 38
 - 2 A pair of 1s; the sum of the digits is 16
 - 3 A pair of 1s; 9 is the highest number
 - 4 A pair of 5s; the sum of the digits is 30
 - 5 A pair of 7s and a pair of 8s; the sum of the digits is 45
 - 6 A pair of 4s; the sum of the digits is 28
- DOWN
- 1 A pair of 4s; the sum of the digits is 31
 - 2 A pair of 6s; 8 is the highest number; the sum of the digits is 37
 - 3 A pair of 7s; the sum of the digits is 25
 - 4 A pair of 5s; the sum of the digits is 32
 - 5 There are no 8s; the third figure from the bottom is half the second figure from the bottom
 - 6 A pair of 9s enclosing a 7; there are no 6s; the sum of the digits is 35

Rebus



Dartwords

- Twenty letters of the alphabet (not D, F, L, M, V or Z) are each represented by one of the numbers on the dartboard. Reading clockwise round the board from the 20 at the top, the letters thus represented spell out five words (of three, three, five, five and four letters respectively). Eleven throws of three darts have been made, as shown below: the score for each word is the sum of the numbers representing its letters. Can you determine which letter is represented by each of the numbers on the dartboard?
- Score
- PEA=30 QUO=43 SHY=25
AXE=22 BUT=37 YAK=33
PUP=33 JAW=33 KIN=32
QUA=42 JOG=39



1c



3a

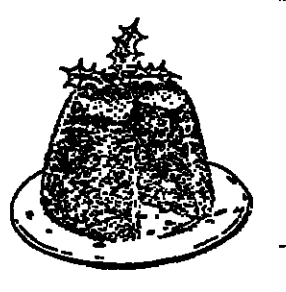
- 1 Ladies first
(a) Which woman was the first to receive the freedom of the Falkland Islands?
(b) Which post is now held by a woman for the first time?
(c) Why was Corbière's win in the Grand National a first for Jenny Pitman?
(d) Valentina Tereshkova was first in 1963, but Sally Ride was second in 1983—as what?
- 2 Obituary
Many well-known figures died during the year; from the following clues, can you identify some of them?
(a) Brusque traitor
(b) Seasonal, QC
(c) Civilised peer
(d) Discreetly charming film director
(e) American state playwright
(f) Dad's sergeant
- 3 Changing hands
(a) What did Lord Astor sell for about £3m?
(b) Lazard Frères of New York were paid £1.1m compensation — for the loss of whom?
(c) From which firm was £7m stolen in East London?
- 4 Problems, problems...
(a) Konrad Rujau wrote all 62 volumes, but who was claimed to be the author?
(b) Who was off work for seven years, having been dismissed because of union activities?
(c) Who was found at Bel-size Park two weeks after he was supposedly found in Kensington?
- 5 The long and the short
(a) Which sportsman retired in January at the age of 20?
(b) What began in Glasgow and ended in Hyde Park 43 days later?
(c) Who resigned on March 18, 49 days after his company began operating?
(d) Richard and Adrian Cook ran 2,100 miles in 101 days — where?
- 8 Saved!
(a) Tadworth Court saved by a government grant — what is function?
(b) Penrith was held by Conservatives in a election — who was outgoing MP?
(c) Which organisation saved by the reverse, a decision made Dr Gerard Vaughan
- 9 Repeat performances
(a) What was won, and whom, at Helsinki, the third successive year?
(b) Who won what in 1 don for the eighth consecutive year?
(c) What happened to Javan Gheyn III for fourth time in 16 years
(d) Who successfully rived in unprecedented numbers in Liverpool
- 10 Miscellaneous
(a) Which company announced in February plans to close its works at Shildon, Co Durham?
(b) Why was no commemorative made for the nine we after June 1?
(c) Why did the outlook for Mrs Thatcher improve after August 5?

Christmas Puddings

Lady Dow-Jones boosted production of Christmas puddings to five this year to cater for her large family and anticipated house guests. Lord Dow-Jones announced that he had (with untypical generosity) put a freshly-minted coin in every pudding and invited the children to guess what coin was in each one, telling them only that all five coins were different and reminding them that current denominations were 1p, 2p, 5p, 10p, 20p, 50p and £1. Here is what the children guessed (the puddings have been lettered for convenience):

	A	B	C	D	E
Joshua	50p	1p	20p	5p	2p
Jerome	£1	20p	1p	50p	5p
Jonima	1p	10p	5p	£1	1p
Jonquil	20p	£1	50p	1p	10p
Jasper	2p	1p	1p	10p	20p
Jasmine	1p	5p	£1	2p	50p

It is remarkable that every child guessed exactly three of the coin denominations correctly, yet no child succeeded in placing the correct coin in any pudding. Can you now say which coin was in each pudding?



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Turkish Delight and all that jazz

Since its inception in 1955 the National Youth Jazz Orchestra (then named the London School Jazz Orchestra) has produced not only some of the most prominent jazz musicians in Britain but also instrumentalists and singers who have established themselves outside the jazz world. Throughout these past 18 years NYJO, under its insatiably enthusiastic founder Bill Ashton, has shown off the high quality of youthful musicianship in this country to many audiences round the world, including the U.S., Australasia, and Russia as well as Europe. An impressive record, a phrase which can be applied appropriately to the band's album recorded live in 1981 during its tour of Turkey.

Much of the music on *Play-Back Turkey* (NYJO, NYJO 003) was heard during the Channel 4 documentary on the visit down last April. There are eight tracks of lively, modern jazz, easily digestible music interpreted with the vivacity and skill associated with successive editions of NYJO where, necessarily, the turnover is comparatively high. The opening and closing tracks, "Istanbul Jive" and "Turkish Delight," have a local feel, connections and an air of familiarity that is not just a fluke.

In the first, written specially for the tour by experienced Scottish tenor-saxist Duncan Amon, one readily appreciates the native music and atmosphere of the eastern Mediterranean, the flutes capturing the sounds of the strings, the fluting rhythms evoking things Turkish.

The different time signatures in "Turkish Delight," based on traditional national melody, are negotiated with aplomb by the NYJO line-up. Two of the band's most recent star soloists, Jamie Talbot (soprano sax) and Mark Chandler (trumpet), contribute exciting solos here to the album on an excellent, cheering note for which NYJO devotees will need no recommendation. Others, dithering, should mark well the generous playing time of over 53 minutes.

Composer / arranger / saxist John Dankworth has contributed to the NYJO repertoire and for some time had the many talented NYJO alumni Paul Hart in his small group accompanying him. Dankworth himself has spent much time in the last decade or so touring with his wife as well as in other musical activities and his forays into the jazz world have been isolated. So the arrival of a Dankworth quintet album is a real event. However, *Go Home* (Scepta RSR 2012) is nothing to get wildly excited about. It comprises eight charming compositions (six by JD, the other two by vibraphonist Bill Le Sage) which are played with expertise but with no great fire. The writing is cultured, neat and tidy.

Because he is heard so rarely in a purely jazz context it is

refreshing to hear John Dankworth on clarinet and soprano sax as well as alto. On the title track his soprano work evokes vivid pictures of the country-side and on clarinet he is in much the same mood, notably on the evocative "Silver Ray." In contrast the jaunty "Son of Sparky" invites reminiscence of that famed Magic Piano perhaps. For the rest there are some interesting tempo changes on "Triple Time" and "Law Of." It is interestingly constructed. Throughout, the work of all five musicians is exemplified by that indefinable alchemy which makes an album truly memorable is absent.

This represents the 1983 Dankworth. Re-issued are reminders of what he was doing two decades ago when he had a full-time band. What the *Dickens* (Scepta RSR 2010) and *The Zodiac Variations* (Scepta 2011) are two parts of what JD himself called a trilogy (*A Million-Dollar Collection* was the third section) and about which he commented some years ago: "I think I would be pleased to be judged on the strength of them by posterity."

Perhaps he does not hold that opinion now but it must be stated that hearing them again after a long interval makes one appreciate just how good they are, and how well they have stood the test of passing years. What the *Dickens* is a series of

musical vignettes suggested by the works of Charles Dickens. The writing is its golden delight, pretty and witty and enhanced notably by the high quality of the band's playing as well as the guest soloists. The wit is no better illustrated than by the wah-wah trombone of the late Tony Russell in his demand: "Please Sir, I want Some More." Amazingly the five saxophonists who solo on "Dancehall Hall" are still in the forefront of the British jazz scene 20 years on.

On *The Zodiac Variations* are some American guest soloists including Lucky Thompson, Phil Woods, Clark Terry and Zoot Sims whose contributions were pre-recorded in New York. Their presence and that of all other soloists was determined solely by the star they were under. Certainly there is a contrived aspect to the work which is hard to accept from a listening viewpoint. For instance we have to believe that Libran Ronnie Ross depicts the brevity said to exist in Librans in his baritone sax solo. I listened hard but remain unconvinced.

All the solos are inevitably concise which can be a plus and which is here. But really no individual has time to "star" in these "charts". Of the recent issues from the enterprising *Elektra/Musician* label one to really search for is

Sprint (96-0261-1) featuring the Red Rodney/Ira Sullivan quintet. The latter is barely known in this country but his multi-instrumental proficiency in the plays flute, alto and even the soprano sax and flugel-horn here) is legendary in the U.S. Trumpeter Rodney and he are an impressive pair in front of a youthful rhythm section of whom pianist Garry Dial is the outstanding talent—three of five titles on the LP are his. The music is neither dated nor avant-garde; simply five classy musicians playing honest, jazz of the day which will not date.

Just space to mention that after re-issuing several of Slim Gaillard's old albums, Hep Records organised his first recording date for over 20 years. The result, *Anytime, Anyplace*—*Anywhere!* (Hep 2020) brings some distinguished players such as tenorist Buddy Tate, pianist Jay McShann as well as Britain's Digby Fairweather on cornet to add lustre to what could have been an ordinary session. Slim sings most of the time, plays a little guitar and some piano but pervades the record with his jovial presence. Truly a jazz character but not, in my view, a major jazz artist. Slim's army of followers in Britain will disagree and it is they who should ensure the LP has a healthy sale. KEVIN HENRIQUES



Cleo Laine: a decade of touring

Goodness knows what makes the hitherto innocent child first harbour thoughts of becoming a film critic. But in my case Cecil B De Mille's *The Ten Commandments* was a prime culprit. At the time of first viewing it—near 1956, age 9—I had never seen an epic quite like it. And I still haven't seen any epic like it. A thundering story, an all-star cast, sets which beggar belief and special effects which even today, when we turn a blasé eye on barnstorming

VIDEO

NIGEL ANDREWS

space trips into outer galaxies, quicken the pulse and burgle the breath. CIC have now put the film's 219 minutes on cassette. Two cassettes, to be precise. The first of this feat of packaging involves the excision of De Mille's endearing front-of-curtain introduction, when if you recall the baldpate of a waxy wonder struck about antique times and the Bible's eternal truths. I doubt if De Mille would recognise an eternal truth if he fell over one. But that should

Though I've written about them often enough, I must begin with a reference to the two sets of Sunday morning phone-ins about the future of broadcasting. There was Richard Francis's stimulating pamphlet *BBC Radio for the Nineties* to let the listeners off; the points I made then really stung the listeners. The suggestion that Radio 4 would be likely to devote more time to news and current affairs and the proposal to provide common programmes for all the BBC local stations in the hours not devoted to local matters.

For some reason, people seemed to conclude that more news meant less drama, though

RADIO

B. A. YOUNG

it might just as well have meant less *Start the Week* or less *Baker's Dozen* or less *Just a Minute*. Reaction to the programme in the last few days ago. When they had a *Broadcasting Tomorrow* type programme on Radio 1 (much the most stimulating of the lot, incidentally), there was a great demand for "community access" and even for something called "interactive" broadcasting. I can't help feeling that anything of this nature on a national channel would simply become a rent-a-mike political display. On local stations, not

At least . . . The arrival of

An epic talent

not concern us. He is only an eye, as Cézanne said of Monet, "mais Mon Dieu quel œil." Anyone who thinks *The Ten Commandments* is merely a vulgar's Baedeker should pause to marvel at the dazzling harmonies of colour, the prodigiously surefooted narrative (try to be bored—you won't succeed for a moment) and the beautiful time De Mille has entwined between intimacy and grandeur.

There are scenes that make one understand why a director like Martin Scorsese reckons De Mille to have been (on his day) some kind of genius. The early shot of slaves serving across a stylized, with unblinking intensity, a serene sky and a standing, vivid divinity. The parting of the Red Sea still takes the breath away, the floods dividing like two seething walls of giant's hair. And the scenes on and around Mount Sinai have a real painterly splendour. Not that size and splendour, but a bold harmonic certainty of gesture, dimension and colour that puts the movie's

best moments closer to Titian than to the soggy visual over-reachings of *Ben-Hur* or *The Greatest Story Ever Told*. The human end of affairs is entrusted to a cast including Charlton Heston, Yul Brynner, Yvonne De Carlo and Uta Hagen. Cedric Hardwicke and Al. Period plausibility is not always at a premium in the performance. "Oh Moses, breathe love! I love Miss Baxter as Nefertiti. In much the same tones as she might say, "Oh Harry."

But Heston and Brynner are in commanding form throughout, as prophet and Pharaoh, and two of the best snarlies in the business—Price and Robinson—snarl away as supporting villains. I say again that video viewing cannot replace seeing a film like this on the big screen. But it may be many years before that chance comes round again. Accept the snack while still dreaming of the full meal. Not the least favoured group in today's video market are children. Over 400 titles for younger and older tots are now

available, including four versions of *Treasure Island*, three of *Gulliver's Travels* and two each of many other classic stories. Animation ranks high, and it's one of the few movie arts not damaged by transfer to video. I can fervently recommend Longman Video's *Princes and Princesses*, a quintet of ravishingly beautiful medium-length animation films from countries including Spain, Hungary and Czechoslovakia. If you want to see how a videotape can sparkle and gleam—no fuzzy texture here or wobbly colouring—gaze at this for quality.

Four "Mr. Men" cassettes (Warner Home Video) furnish forth the 10-year-old TV adventures of such cartoon favourites as Silly Mr. Dizzy, Mr. Tickle and Mr. Forgetful. *Here Comes The Grumpy* (Guild Home Video) yields the more resister adventures of a dragon-riding grouchy righting wrongs in the kingdom of King Bloomy. Welcome are King Rollo and his cat Hamlet, tripping the light fantastic in two cassettes from Longman.

A merry Christmas and a happy new video year.

Class conflict

a new Director of Radio 4 was signalled by two 90-minute current affairs programmes in the morning, one on the deployment of Cruise missiles and one on the new Police Bill. And next year, if I may pre-empt spaces for 12 months, we shall be hearing three-hour morning programmes that switch from subject to subject without pause, "roller-coasters," as they call them in Broadcasting House for some reason.

Back to this year, then. I approved of both of those 90-minute mornings, though I felt they needed a strong anchor-man, someone like Michael Charlton or Sir Robin Day. Both programmes contained a phone-in element, a feature on which I expressed my sentiments only a few days ago. When they had a *Broadcasting Tomorrow* type programme on Radio 1 (much the most stimulating of the lot, incidentally), there was a great demand for "community access" and even for something called "interactive" broadcasting. I can't help feeling that anything of this nature on a national channel would simply become a rent-a-mike political display. On local stations, not

had a idea, perhaps, though how is one to prevent it becoming as frivolous as CB has become? Inter-active reaction: why should we prevent it? Well, why to his taste.

Of the various drama slots, I've got the most pleasure from Radio 4's Monday Plays, which commonly regard pleasure as only one of ends in view. The year began with an adaptation of *Confessions of a Justified Sinner* by James Hogg, one of my favourite books of all time. A month later we had Raymond Briggs's own version of his own cartoon book *When the Wind Blows*, mocking the official instructions for surviving a nuclear bomb; and the following week, illustrating the variety available in this slot, came Ostrovsky's *Easy Money*, a comedy about life among the smart set in 1870 Moscow, a blend of Pinero and Dostoevsky. Other pieces I remember from Monday evenings are Tim Rose-Price's *The Fine Tuning* of *Ivor Gurney*, surveying that composer-poster after his mind was gone; *Dear Countess*, a reconstruction by Elizabeth Morgan of the Ruskin-Effie Gray-Millais triangle; David Cauter's *The Zimbabwe Tapes*, of Henry IV.

a somewhat artificial look at white man's life in Rhodesia enlivened by the tapes made (not originally as part of the play) by Africans involved in that life. Howard Brenton's *Thirteenth Night*, a *Macbeth*-like play taking place in a revolutionary England in the near future, was exciting and amusing at once.

Radio 4 also gave us Four Classic Comedies in stylized casting, a good *Importance of Being Earnest* and a better *She Stoops to Conquer* and two others I didn't hear. And there have been the classic serials, including a delightful *Emma*, a repeat of *Stephen Fasar's Mrs Gaskell's Wives and Daughters*. Afternoon Theatre gives us the equivalent of the old magazine story, something much needed in our leisure since magazine stories of any quality disappeared from the magazine. *Under the Hammer*, about politics in the art galleries, would be well up among my recommendations for prizes if there were any prizes for radio left. Maurice Packham's *A Royal Farouq* was semi-historical stories for children that I was brought up on. This was about builders in the reign of Henry IV.

Kandinsky and de Kooning/New York

The theorist and the ingenue

One painter was born in Zaarsk, Russia, in 1866; the other in Rotterdam in 1894. Both died with major retrospectives in New York museums at the end of 1983. There is little else that Vasily Kandinsky and Willem de Kooning seem to have in common. But that perhaps is the point.

The two artists moved in opposite directions, Kandinsky to Munich and back to Russia while de Kooning came to an impressionistic age in the U.S. Kandinsky, a generation older, was infected with the Russian Revolution. Part of the generous Guggenheim exhibit, which has more than 300 works from the period 1915 to 1933 includes paintings by the Russian Constructivists. Their attention to forms with no anthropomorphic aspect obviously influenced Kandinsky, who spent a good deal of time making canvases that combined a somewhat decomposed figure in one corner with shapes on the rest of the canvas. Sometimes it is an intricate pattern that can be called a path by the time it curls its way toward the centre where a half-concealed human form looks lost in the expansive universe.

Kandinsky never felt comfortable with the Constructivists, in spite of his effort to participate in the revolutionary movements as part of the Peoples' Commissariat for Enlightenment and his founding of the Institute of Artistic Culture in Moscow in 1920. When the Constructivists took over the institute and Kandinsky was dismissed as "romantic, literary and idealistic" by the influential critic Nikolai Puni, he was



"In the Black Square" by Kandinsky

ready to accept the invitation to return to Germany made by the Bauhaus, ironically at a time when Constructivism was having an influence there.

Kandinsky threw himself into his own theories and experiments that encompassed colour as well as geometric forms. His more rigorous work, which fails to include the odd free form with the regular shapes reflects the definite ideas he instilled in his students, the dominant triangle representing aggression, the square calm and the circle depth. Neither were his experiments with colour the dabbling of a few shades on the canvas, but rather definite shapes in primary colours that already showed the influence of Constructivism on the Bauhaus when Kandinsky arrived in Weimar in 1921.

If he was less austere than the Russians, he needed the inspiration of Paul Klee in Munich to mediate pure shapes and sacred points to be playful as well as structured and pure.

By 1933 the end of the period in the present exhibit, Kandinsky had designed the set for Oskar Schlemmer's theatrical product of Musorgsky's *Pictures at an Exhibition* and painted the wall of the Bauhaus music room to show the practical side of a career that had looked for essences in form and colour out of which rules could be made for artists to abide by. Kandinsky had designed a random-pattern tapestries and saucers as early as 1921 in Russia, but the Bauhaus years, during which the artist was master of the Wall-Painting shop, allowed for a peculiar kind of

of usefulness that shared with Constructivism a pedagogical restraint meant to be useful by elevating decoration to a higher level of taste.

Far from being an artist intending to teach the world, de Kooning arrived in America as the ingenue, a 1926 immigrant who had been a stowaway in a ship's hold. Established in a studio in New York the following year, he participated in the WPA Federal Art Project during the Depression until he was thrown out for not being an American citizen. During the war he painted a stunning series of portraits. Most of them were of women who are exactly but sparingly drawn over the penetrating colour of the canvas, usually some detectable shade of pink, purple or orange.

After the war de Kooning led the emerging abstract movement that would make a number of careers along with his. Associated with Pollock and Kline in abstract expressionism, they wanted paintings to move, compared to Mark Rothko and Barnett Newman who aimed at controlling the canvas by reduction.

The value of such a layist retrospective, which includes 250 of de Kooning's paintings, sculptures and drawings and will travel to the Akademie der Kunst in Berlin and the Pompidou Centre in Paris after it is shown in New York in February, is in showing the sheer facility de Kooning had in pursuing more than one style, sometimes at the same time. While the dabbling sort of Pollock's abstract shop, allowed for a peculiar kind of

he was drawing cartoon-like women, recognisable for the situation paid to their most distinctive sexual features. However little the two styles had in common, both extirpated the legacy of the lovely wartime women with their serene countenances smoothly integrated into their surroundings.

De Kooning became an important figure in the post-war period, especially after Huntington Hartford published an open letter in 1955 called "The Public be Damned!" condemning abstract art and de Kooning in particular. In 1965, he had his first major retrospective at Smith College, followed by shows at Knoedler Galleries on two continents.

Abstract works continue along with portraits of women though women seem increasingly influenced by abstraction (though not the other way round). The earlier cartoon characters emphasising legs, eyes and breasts have been reduced to just breasts on large canvases that might just as easily have been a series on Himalayan mountains.

A small corner of sculpture makes a curious and temporary departure for the artist. A couple of dozen figures large and small half emerge from their elongated bronze flotsam forms, the early influence no doubt of moving from New York City to the high-fashion beachfront of Long Island.

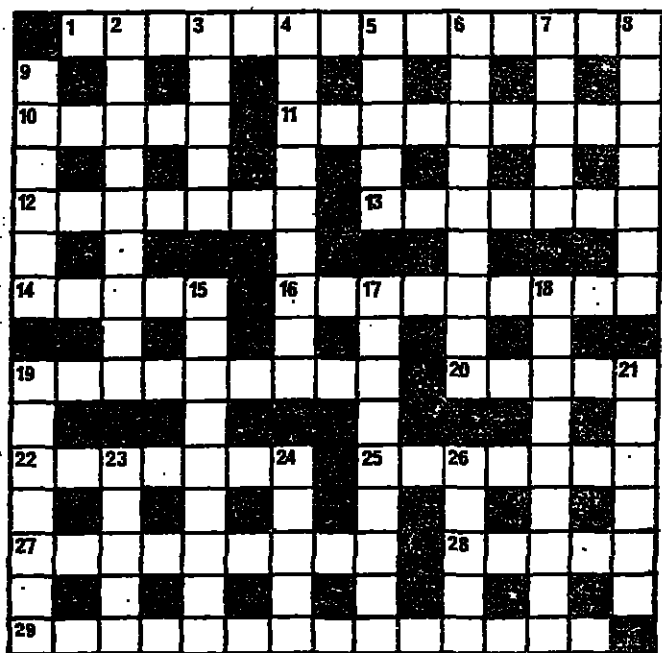
Recent abstract work show a domesticated de Kooning, with waves of light colour neatly encapsulated by borders that follow a pleasing but restrained pattern across the canvas. As though a mighty torrent has been channelled, the work is probably a good reflection of the times, where a recognisable trademark obscures self-limitation to establish originality.

Clark Polling, who curated the Kandinsky show, and Paul Cummings and John Merckert, who did the de Kooning exhibit, follow the exacting demands of homage cum retrospective, with a profusion of works in as many media as possible. The biographical element is particularly emphasised for Kandinsky, with photos of the Bauhaus group and other projects that formed the milieu in which he worked.

For de Kooning, the exhaustive retrospective projects sameness even in two genres being worked simultaneously, while Kandinsky seems anxious for challenges, and hurdles to provide more rules to which his work must conform. The two artists went off in different directions and for all their originality, seem very much reflections of the places in which they ended up.

FRANK LIPSUS

F.T. CHRISTMAS CROSSWORD PUZZLE



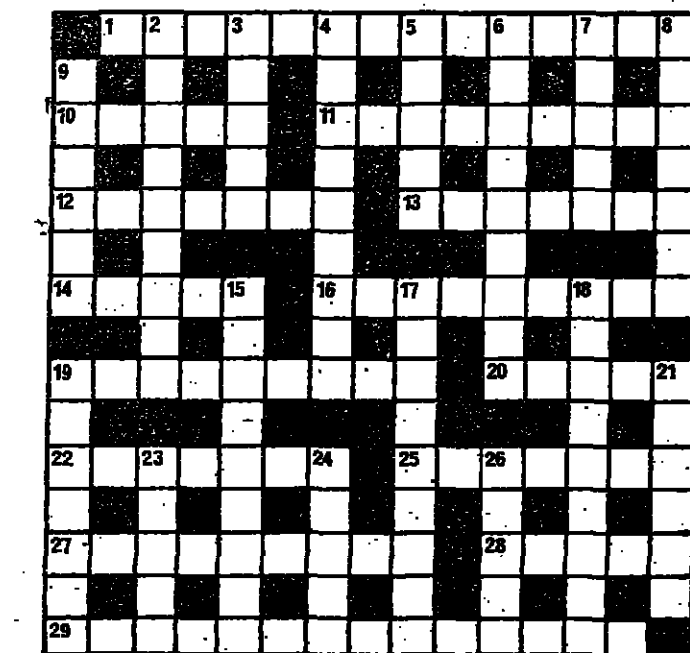
Apart from 1 across, which spans both grids, each clue is really two clues side by side but not overlapping. Solvers must discover which grid is to receive the answers. Either side can come first.

A prize of £25 will be given to the senders of the first five correct solutions opened. Solutions must be received by Thursday January 5, marked Christmas Crossword, in the top left hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4A 3DF. Winners and solution will be given on Saturday January 7.

Name
Address

ACROSS

- Present decorative condition, moreover, of the institution of December 25th? (3, 4, 4, 5, 3, 6)
- Also-ran in close-run thing—Pittman on his face? (5:5)
- Get protection from Peter Ward, not M. Ellis—that could be a heavy burden (9:8)
- Not staying long on field, I take game against all the rules (7:7)
- Anguish of fellows engulfed by civil wrong—far from ideal way of looking at things (7:7)
- Booked burglar, Bill Morris for example, cruelly caned (5:5)
- Light-to-love to Edward Short satirically attacked in masonic circles one cannot drop off (9:9)
- Tory drape unfurled—depicted as the German identical type, arm in pocket (9:9)
- In the country of Peru, rallying, dense variety is there of necessity (5:5)
- Reverend paid to Pope from a St Anne order—situation initially begun once as vespers for the dead (7:7)
- Buttons on worker in colourful display, the clothes coming from E. Antrim (7:7)



- Battle, for instance, for one in coach-cab; din too terrible but one should pocket the litter (9:9)
- Lowest point of Gebenna, dire place, "Greek King" 9-1 on it? (5:5)
- Greep in knots possibly—snakestone?—low type, by the way, to deal with (10-4:6:8)

DOWN

- Compartment without drawers? In tea-bars, oddly, one can be found (3-6:9)
- Clumsy churl to pitch to one side; Bones, sailor, is capsizing (5:5)
- Navy board ordering my trial after short notice—indolent midshipman departing (9:4:5)
- Chest does not open at first attempt—oriental tale put over it creates striking effect (5:5)
- Great lake could be over-riser—fish sold among chaos (9:3-6)
- Theatre-in-the-round? Violin-maker has morning at one (5:5)
- Like disease that is localised—given attention at hospital and feared (7:7)
- Gear-shifts for woman who has run off irregularly with sweetheart (6:6)
- Handy calculator (slip-principle) for desk of French or Irish coterie, perhaps (5-4:8)
- Dear motor breaks down—I slow down—fight with driver—such waste! (9:5-4)
- Wearing no dress, sort of Scandinavian—an icicle sort of Scandinavian (9:9)
- Carefully draws big work (with standard raised outside)—Irish landscape that could end up in fireplaces (7-4:3)
- Tedious speech about satirising being topless could be send-up about topless waiters (6:6)
- Remove bristles from some grass (there is some lawn erosion)—difficulty at Wimbledon for some nine players. (5:5)
- ... the group now one short—fearful row between best or middling players (5:5)
- Race-girl, sixth in decathlon, is one beyond hope of recovery. Left-right! (5:5)

CHESS SOLUTIONS

Solution to Position No. 493
1 Bx4; R-Bb1 wins since if 2 Rxb7 mate. After 2 Rxb7, Rxb7 material in Kaplan-Karpov, Madrid 1973.

Solution to Problem No. 495
Put the WK on White's KB3. BK on Black KR8, then 1 KxQ mates.

SOLUTION TO PUZZLE No. 5301



John is King

Saturday December 24 1983

Through two glasses, darkly

HAVE ANOTHER, old man... and let's drink to 1983, before it's too late. Never see another year like it, I'm afraid.

"I'll drink to that. Perfectly useful year, except for the election. And speaking personally, I'm not so happy about that either. I've hardly been able to get a pair of glasses. Positively unfitted to Westminster Barrels. Missed a very promising title conference in Geneva—ad a quite amazingly warm me there back in '81—and only caught the tail end of '82's coming out. Slavery, that's what it is."

"Been burning the midnight bit ourselves, you know... and I don't just mean the turn-over, though I won't even hint at the Christmas bonuses this year. Might be one of these sole chaps somewhere in this rush."

"No, it's these Americans. They're the worst. We've had three distinct bids, and I've lost out of the tactical approaches. Imagining partners in non-stop session, and some really quite tasty little squabbles. You see he younger ones are all for the Americans—they've heard about the salaries, but not how quickly you can get fired; while some of us wiser old heads have put in a lot of hooting time with the soldier accepting houses. Your man 'ebbit can't have known what he was starting."

"Tebbit? He's doing all right. Surprisingly pleasant if you take him off the platform, though I was quite startled when one of his civil servants told me after a committee... He's a strange man, the Secretary of State," he said. "Do you know, he listens?"

"No, it's some of the others. Jenkins inquiring about the will of Parliament—I've had the chairman of my county council threatening to take all his lot over to the Liberals if we can't put a stop to this interference."

"Then there's Lawson, threatening to raise taxes. I give away no secrets if I tell you that that was not exactly a bit in the constitution. The fellow might at least have sounded apologetic, but that's not our Nigel; and then all you City people said he was telling nonsense anyway."

Little Mo is more like Little Yo-yo.

"Well, so it was, old man. Something to frighten the children. I suspect. All that stuff about selling gifts to foreigners, when we've not seen enough this year to keep the gifts partners happy. And Little Mo, which is

more like Little Yo-yo when you take a close look at it. That sort of thing would have been frightfully unsettling a couple of years back; but no-one seems to worry about the money supply any more. Even Gordon Pepper keeps saying that it's all hunky dory. Marvellous year, as I was saying."

"All the more reason to keep quiet about the whole business. You know, although it sounded dull at the time, old Geoffrey Howe knew a thing or two. Made a positive principle of wooing. No one was ever quite sure what he'd said."

"Strid you, though, the style doesn't go down quite so well now he's moved over to the FCO. Wooing about our Ronald's little rodeo turn in Grenada—downright embarrassing. And then there's this Alfonso Whastit in the Argentine—just the sort of chap we like to see, and it's all arms' lengths and after you, Cecil. As I was saying, a perfectly foul year."

The best buy has been Sweden

"Interesting you talking about foreign affairs. I've had to brush up a good deal, and the opportunities are simply amazing. Rum thing is, though, that the best buy this year has been Sweden—especially if you sold in May, as we like to say—and then Australia. You'd have doubled your money on the switch; and that's two socialist governments."

"Reminds me of the time Harold Wilson threw a party in No 10 the first time the FT index went through 400—which is a sobering thought, when you think that we're still waiting to double that, and Lord knows what's happened to the value of money in between."

"Well, we've got that licked. I hope. And the unemployment thing, with luck. And perhaps Ronald and Yuri will start speaking again, with an election coming up. Not to mention Wilkie, who's trying to get a grip on our public image—he's shrewd that he chooses to look. Things really ought to be looking up."

"Down, you mean. The fun might be over in the markets; and even if it isn't, we don't know who'll still be around to enjoy it, or what we'll be able to earn. No, that was the year, that was."

"Oh, cheer up. I'm talking about important things getting better, not your little side-show. And drink up; your glass is still half full."

"Half empty, you mean."

The biggest party in the world

THE Fun Pool is closed and so is the Fun Food bar. As the icy rain pelted down from grey skies, it was hard to imagine a less welcoming spot to celebrate Christmas than the Butlin's Holiday Camp at Bognor Regis.

A 10-foot-high, plastic figure raised a long plastic arm to admit the taxi into the camp, which is enclosed by 7 ft fences. "This must be business, not pleasure," said the Bognor taxi driver.

On the second floor of the Butlin's main reception building, the atmosphere was all business. Businessmen in conservative suits rushed about with last minute orders. The place could easily be mistaken for an insurance adjuster's regional office.

Mr. B. Webb, managing director of Butlins, says his team produces the largest Christmas party in the world, catering for 18,000 people in three locations for four days. "If you sat down and thought about it, it is horrifying," his catering manager says with a

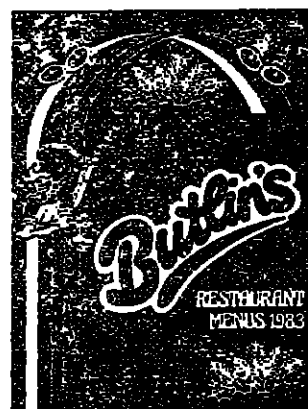
"AT THE Ritz you will get a meal at Christmas. Here we serve magic," says Butlin's catering controller. No two places could provide a more striking contrast of the way Christmas will be celebrated tomorrow. 16,000 people will be eating at Butlin's; a mere 120 at the Ritz but each respects the other. "Butlin's gives very good

grin. Perhaps, but full room and board. Uncle Howard's Hairy Banana Magic Show and all the rest is only £83 for three nights and four days.

Unlike the summer season, where the used toward holidaying abroad has lured away some of Butlin's customers, Christmas remains consistently popular. The three centres were fully booked in October; Mr Webb says the four-day holiday is comfortably profitable despite all the problems of opening up and decorating everything from the Blinking Owl Bar to the Regency Grotto.

The secret of this success, he says, stems from two simple Butlin's concepts: variety and volume.

On Christmas morning, for example, a Butlin's guest, at Bognor can attend Holy Communion, watch a men's snooker tournament, compete in the Miss Hot Lips or Mr Hairy Chest competition, bet on filmed horse racing, dance in the Regency Ballroom, or meet Santa Claus and Father Christmas. All these events ensure that



the whole family is occupied—and all of them, except perhaps Holy Communion, involve a crowd.

Catering for thousands brings large-scale cost economies if purchasing is well organised. According to catering controller Mr Patrick Reid, Butlin's bought 3,000 lbs of frozen turkey breasts, 10,000 mince pies and 6,000 bottles of wine in preparing for this Christmas. The wine includes Wedding Veil

value for money," says Michael Twomey, the head waiter at the Ritz's famed Palm Court restaurant, and for all the contrasts between them, both recognise that this year as always, they are in the business of conjuring up a happy Christmas for those who don't want to do it themselves.

and Mozart Table Wine this year, which Mr Reid admits are not fine vintages. "But the bottles are always empty after meals."

Butlin's staff work for remarkably little pay. A second chef, for example, earns just £66 for a 35-hour Christmas week, with meals and room included. A waitress earns £45.25.

"A lot of them are repeaters, they like working here, it's a party for them," says Mr Webb. It is true that the grounds, even in winter, provide a bright contrast to Bognor next door. Tucked behind trees are life-size geese wearing bonnets. All the buildings are freshly painted. It is not Disneyworld, but then Bognor isn't Orlando, Florida.

The staff have to be carefully trained by Butlins, because serving thousands is a feat requiring military precision. Table mats have been fused into the plastic tables to make setting places easier. Plates are either plastic or institutional stone-ware, the bread is always white, the coffee instant. Outside the gates of Bognor at a small pub nearby,

the general manager remarks "You might like this crusty French bread, but they do not. Why change something that works?"

But some things are changing at Butlin's. This year's star entertainer is Freddie and the Dreamers, a well-motivated pop group from the 60s.

Freddie's appearance points up the fact that Butlin's main customers are now young married couples who met in discos, not dance halls. Fast Food bars have been brought in and Butlin's is spending around £2m this year to dress up its drab accommodation, although army austerity still predominates in most of the quarters, which at Bognor aren't even placed by the sea. To make things more confusing the Yellow Camp is not yellow, it is blue.

As nearly half of the flats are now self-catering, Butlin's no longer booms out "Wakey, Wakey" to guests. But the baby listening service remains, so parents can leave the child behind and if it cries, a staff

patrol will relay the message to a large blue board in the entertainment room, which reads: "Baby Crying. Chale! No XLT."

Butlin's is for children as much as adults—they can ride the freshly-painted amusement park rides as much as they like without any parental supervision or payment needed.

Tomorrow, the children on the Bobsley ride will get a treat: if all goes well, Father Christmas will pop out of the back of the ride, replete with sleigh and gifts for all 1,300 children.

Mr Webb says they like to sleep in dry-land appearances for Santa now. Two years ago, an ocean approach was tried, but the overloaded boat capsized, tossing Father Christmas into the sea. "Children's illusions were shattered," says Mr Webb. "We can't have that at Butlin's."

Butlin's best illusion is its huge Christmas pudding, which every year is borne by two chefs and set alight. This four-foot-wide structure is stuffed with cotton soaked in methylated spirits and followed by Red Coat entertainers with sparklers. Carols are later sung by the Bognor Regis Salvation Army choir.

And for Boxing Day, it's the Miss Chubby Charming and Cheerful contest in the Blinking Owl Bar.

'Dignity, always dignity'

"WE DON'T want to go overboard with Christmas here. Continuous justification isn't to everyone's requirement," says Mr Michael Duffell, general manager of the Ritz Hotel in London.

With a double-breasted, pin-striped suit, a handkerchief tucked into the pocket, and a pale pink shirt, Mr Duffell looks every bit the part for his job. His tiny office is crowded with papers and files, but he maintains a correct posture and a bearing which inspires confidence.

This kind of bearing is helpful around Christmas time, because deep-down, Mr Duffell wouldn't mind if someone cancelled Christmas.

"Of course, I love it when it finally arrives," he says, "but all the preparations are on top of everything else we do. We don't hire any extra staff, the

whole world shuts down for 10 days. I don't know how any business makes money over Christmas."

The Ritz doesn't make a lot of money over Christmas. After experimenting with special Christmas packages the idea was dropped a few years back because it was not profitable and the guests didn't return.

But even though occupancy is down from the peaks achieved earlier this autumn, Christmas at the Ritz will be served with all the trimmings.

The elaborate hotel overlooking Green Park in London was built in 1904 and is so ornate that Christmas ornaments seem superfluous. There is a Douglas Fir in the lobby and that's about it. In planning for Christmas, the hotel's staff emphasise that maintaining the dignity of the Ritz is paramount.

"You can't imagine the endless hours of argument that went on over whether the lights on the birch trees outside should blink," explains Mr Duffell.

"I'm glad to say that they are not flashing. Dignity, always," he says, crossing his arms across his chest. "People



expect it at the Ritz. There is an enormous temptation to overdo it and appear at Christmas time all dressed up like a cracker box. This just isn't right."

This air of almost regal rectitude in part stems from Mr Duffell's background. Before joining the Ritz, he spent four years running the palaces of King Hussein in Jordan. The King's picture hangs in Mr Duffell's small crowded office above the Ritz

lobby. Running a palace is very similar to running a hotel like the Ritz, he suggests, except that with a palace one didn't have to show any profit.

At the hotel, however, the profit motive takes a bit of a holiday over Christmas. Maintaining dignity and peace costs into margins, but Mr Duffell says he must pay this price.

For example, last year, the hotel's lavish restaurant seated 169 people, elbow-to-elbow, for Christmas dinner. This year, only 120 will be allowed in for Christmas. "It was a good last year, but it wasn't the way the Ritz ought to be," muses Mr Duffell.

Another expense to be reckoned with is the extra pay for staff working at Christmas. Chambermaids at the Ritz earn £34 a week, plus double-pay on Christmas and an extra day off. They also get a staff lunch.

Down in the Ritz's large, warm kitchens, Mr Michael Quinn, the large-bellied chef, has spent the last few weeks organising the food orders for Christmas. Everything, but everything, that is served at the Ritz is fresh, right down

to the orange juice at £1.50 a glass.

At Christmas, Mr Quinn has a special problem with fish because the fishermen are not working. "Lobsters and crayfish are all right, because they can be kept live, tled up in the fridge, and some of the fish has to be frozen," he says with a small frown.

His Christmas menus are surprisingly traditional, with warm stilton tartlets as an appetiser providing the only real break from the expected. "Christmas is Christmas," he says. "We can't change that. If people want to stay in their rooms, they can order anything they like. But they generally don't."

As for his own Christmas, it will be the only meal of the year cooked by his wife, because he will be working all day and will not be home to cook.

Is all this extra fuss necessary? Should one's own Christmas be sacrificed to host a champagne reception in the Palm Court, wait at tables or clean rooms? "It's important that the hotel is

seen to be busy. It's an exercise in goodwill," states Mr Duffell.

"It's also important to give people a place where they can get away from Christmas if they like," adds another Ritz employee. "Some people don't want to know about Christmas, they can come here and meet people if they like, or just relax in luxury."

As to who are the "clients" of the Ritz at Christmas, Mr Duffell smiles and says "Anybody, really." Mr Twomey, the head waiter at the Palm Court, who took his own children to Butlin's three times when he was younger, is a bit more specific. "They are often the people who have given the servants the holiday off. They come to us and we look after them."

With the confidence that comes with working amid gold leaf and sculptured marble for 37 years, Mr Twomey goes on: "We provide a magic of our own here, an old world charm, a feeling of comfort, plenty of ease. I don't care who you are or how much money you have, coming to the Ritz is in everybody's dreams."

Letters to the Editor

The EEC budget

From Mr D. Bloom
Sir—I read John Wyles' article (December 15) with mounting exasperation. Apparently, British intransigence in Athens could result in:

- suspension of advance payments of subsidies on agricultural exports now;
- followed by a freeze on farm prices, with price cuts on dairy produce;
- then an end to producer and consumer subsidies;
- eventually, a halt to subsidised exports altogether!

It sounds too good to be true, but the potential benefits to Europe and the world are so enormous that it really is the Government's duty to block any increase in the budget, rebate or no rebate.
Derek Bloom,
47 Old Church Street,
Chelsea, SW3.

Electricity

From Mr R. Rogers
Sir—I read with extreme disappointment that the Government has decided to instruct the Electricity Council to increase electricity prices early next year when Mr P. Walker, the Energy Secretary, has said that neither he nor the electricity industry could see any need to increase prices next spring (December 16).

The Government must be aware that many consumers are already finding it very difficult to meet their electricity bills. Also our industries are facing extreme competition from other industrial countries where electricity prices are, in some cases, lower than our own.

I understand that the electricity supply industry is self-financing and is already repaying substantial borrowings to the Government. When the industry is stating that it can meet the Chancellor's increased financial target by improving its own operating efficiency, and hold prices steady for a further significant period, it is perverse

for the Government to interfere in such a blatant way. It will do nothing to encourage greater efforts from staff in such industries to improve productivity when, as a result, no benefit can be seen to accrue to its customers.

It is, of course, paradoxical that the Government which wishes to promote competition and a commercial outlook, particularly encouraging industries to lower prices, should prevent a very important public enterprise from doing just that.

R. H. Rogers,
11 Kirkby Green,
Sutton Coldfield,
West Midlands.

Anti-semitism

From the Executive Director, Defence and Group Relations Department, The Board of Deputies of British Jews

Sir—Your terse report (December 13) of Sir Oswald Mosley's assertion that "he was not antisemitic until attacks by Jews drove him to propose their expulsion," accurately sums up his evidence to the Birkett Tribunal in 1940, but it needs some clarification, lest it be taken at face value.

Mosley defined antisemitism as being opposed to Jews because they were Jews, to which he usually added the rider that the British Union of Fascists attacked Jews not for "what they were" but for "what they did." Clearly, the explanation aggravated the offence for it implied that antisemitism was the result of Jewish misconduct.

The fact is that Mosley's antisemitism was on record some two years before the notorious Albert Hall meeting in October 1934, which degenerated into a

dozen of Mosley's closest associates in the BUF as inveterate antisemites and he quotes from a report in the Daily Herald (October 25 1932) in which Mosley at the first indoor meeting of the New Party says about his questioners, "They are all from Jerusalem; they don't know any better."

Far from eschewing antisemitism "until he was attacked by Jews," Mosley used antisemitism to stir up interest in a movement that was going nowhere. This is confirmed by his sister-in-law Baroness Ravensdale. In a book of reminiscences she attributes Sir Oswald's antisemitism to a belief that Fascism would not survive without a Jewish scapegoat.

In the long run, Mosley's antisemitism proved to be his undoing, for it identified him in the public eye with the brutal persecution of the Jews in Nazi Germany. Indeed, Mosley's tirade against the Jews at the Albert Hall BUF meeting in 1934 won him a congratulatory telegram from the arch-antisemite himself, Julius Streicher. In his reply, Mosley expressed his gratitude for Streicher's support, concluding with what can only be described as an uncanny vision of what lay in store for European Jewry: "The forces of Jewish corruption must be overcome before the future of Europe can be made secure. Our struggle is hard but our victory is certain."

(Dr) Jacob Gewirtz,
Worms House,
Upper Wormbourn Place, WC1.

Discrimination

From Mr H. Scholes

Sir—The White Paper on regional industrial development, with its commitment to continuing regional aid, is to be welcomed as far as it goes. The proposals to revise assisted area boundaries give better incentives to service industries and shift from automatic to

more selective assistance are long overdue, and it is encouraging that the Government—if not yet the unions—have recognised the need for greater wage flexibility in the disadvantaged areas.

These changes, however, will have only a long-term effect on our persistent structural problems. If we really want to bring early relief to the localities most hard-hit by unemployment, there is only one way—through higher direct public expenditure there.

This need not involve a "major change in national economic policy" (to quote Mr Shore), but simply a degree of positive discrimination in favour of the areas in greatest need. We should provide more capital investment in infrastructure such as roads and sewers (as both CBI and TUC have advocated), and also higher current spending on services such as health and environmental improvement which could usefully absorb more low-paid workers (whether directly employed by public authorities or contracted out to the private sector). The aim would be to raise standards of service by engaging more workers and employing them efficiently, not to encourage over-manning, much less excessive wage settlements. It would therefore help to make the depressed areas more attractive as a location for private enterprise, as well as creating jobs directly.

There is no reason why such a policy need lead to higher inflation. The cost would, of course, have to be borne by the rest of the community but it should not be too heavy a burden, after taking account of the saving on social benefits. An all-party select committee of the House of Lords last year put the net cost of creating 400,000 additional jobs in this way at £900m a year—less than the yield of 1p on the standard rate of income tax. But if even a modest increase in taxation is thought unacceptable, is there

not still a case for reallocating public expenditure from the more prosperous areas to help those most hard-hit?

Hubert Scholes,
5a, Lancaster Avenue,
Farnham, Surrey

Hardware

From the Director-General, Process Plant Association.

Sir—The report (December 16) about industry's performance in the North Sea does not do justice to British process plant manufacturers. It is very misleading to draw quick conclusions from internal NEDO reports still under discussion. Little Neddies are concerned among other things with improving industry's competitiveness and their reports therefore concentrate on constructive criticism of such deficiencies as they believe exist in industry, rather than extolling its virtues. Your report therefore presents a biased point of view based on some selected cases.

Only recently members of this association met representatives of British oil's Clyde development after which we issued a statement with British oil's agreement that it "had been very pleased with the response of British hardware manufacturers in terms of price, quality and delivery"—praise indeed.

Because of the lack of investment in new oil refining and chemical projects our industry is more than ever concentrating on offshore business where it is making vigorous efforts. Early next year PPA is taking a strong 17-man mission to Indonesia to present the capabilities of the British process plant industry. Your report is not helpful to our marketing thrust.

I would suggest you give space to publishing the successes of process plant manufacturers, who are much slimmer down, whose produc-

tivity is generally improved and who have developed new technology where needed. They face the market with confidence.

Conveyancing

From Mr W. Bailey

Sir—Like Mr Ashton-Spencer (Dec 17) I have had experience of buying and selling more than a few properties, using half a dozen solicitors in several cities over many years, and like him I am generally extremely dissatisfied. Indeed, mention "solicitor" at any social gathering and one is buried under similar horror stories.

If solicitors were merely slow and expensive they might be forgiven. The truth is that their conveyancing activities are archaic in both objective and method. They are designed to identify legal certainties which attach to the property—facts which are either ludicrously obvious (e.g. the existence of public drains) or highly unlikely (e.g. the vendor is bankrupt). Modern factors much more likely to be relevant—such as fair rent registrations or neighbouring planning consents—are simply ignored. And the whole business is carried out with a dilatorious which most solicitors hope the public mistakes for diligence, and avoids such obvious time-savers as getting the parties round a table to thrash out details in preference to negotiation by letter.

This Government was elected twice to eradicate the free public lunch—otherwise known as anti-competitive activities of powerful groups who wish to milk the rest of us. It's done quite well so far; but this lifelong Conservative vote is one it will certainly lose if it doesn't give its own legal clique the same medicine.

W. H. Bailey,
Cliff House, Llanarjan, Barry, S. Glam.

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Hits and myths of Christmas TV

BY CHRIS DUNKLEY

THE MOST popular beliefs about Christmas television are that it is a time when the widest range of programmes are shown, that it is the year's biggest, that it is the time when families all gathered together indoors eating and drinking too much and with little else to do in between but watch the box the ratings must inevitably be the highest of the year. No doubt the logic of this is sound, but the statistics show that Christmas programmes are not the most popular, and that the ratings are not the highest of the year.



The BBC's ultimate weapon: All Creatures Great and Small.

Yet the fact is that not a single programme on any channel during the three days of Christmas last year (Christmas Eve, Christmas Day and Boxing Day) even managed to reach the top 10 for the month of December. That last year's Christmas programmes were not the most popular, and that the ratings are not the highest of the year.

The month's top-rated programme was Coronation Street for December 22 which attracted 17.2m viewers. Bottom of the Top 50 was The Real World, which had an audience of 11.5m. All the Christmas programmes came below that. In other words, the Christmas programmes were not the most popular, and that the ratings are not the highest of the year.

All Creatures set to win

THE QUEEN

The Queen's Christmas message to the Commonwealth can be heard at the following times:
1.00 pm Radio 4 (afternoon)
3.00 pm BBC1 and ITV (with subtitles)
6.00 pm Channel 4 (with subtitles)
9.30 am Radio 1 and Radio 4 (with subtitles)
9.30 pm BBC2 (with subtitles and sign language)

AS WITH yesterday's schedules, those who really relish watching television's stage army of performers, regally brandishing the sceptre, are likely to find one another around the Christmas dinner table. The Queen's Christmas message to the Commonwealth can be heard at the following times:

Among the more worshipping of the Christmas programmes, the Queen's Christmas message to the Commonwealth can be heard at the following times:

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The Two Ronnies as Archie and Wozza Gamadge on BBC1 at 7.15.

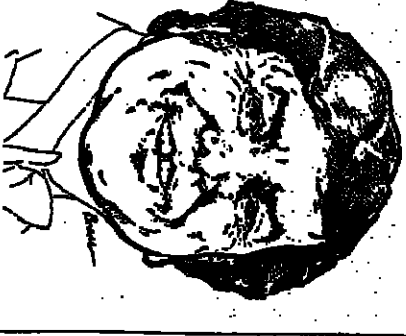
CHRISTMAS DAY



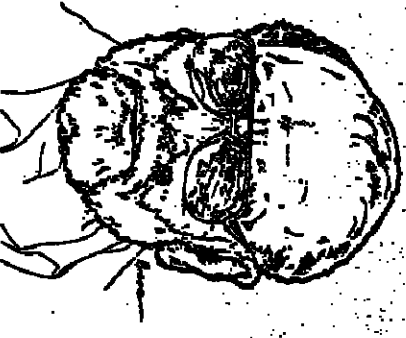
Beryl Reid, 3.15



Norman Wisdom, 10.05



Jimmy Tombs, 7.05



Laurence Olivier, 11.10

BBC 1

8.55 am The Christmas Pantomime. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

2.00 pm Nobody minded the Rain. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

6.25 am Breakfast television. The first of the day's breakfast programmes, featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

10.30 am A Christmas Carol. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

BBC 2

8.55 am The Christmas Pantomime. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

2.00 pm Nobody minded the Rain. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

6.25 am Breakfast television. The first of the day's breakfast programmes, featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

10.30 am A Christmas Carol. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

Channel 4

8.55 am The Christmas Pantomime. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

2.00 pm Nobody minded the Rain. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

6.25 am Breakfast television. The first of the day's breakfast programmes, featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

10.30 am A Christmas Carol. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

Channel 5

8.55 am The Christmas Pantomime. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

2.00 pm Nobody minded the Rain. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

6.25 am Breakfast television. The first of the day's breakfast programmes, featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

10.30 am A Christmas Carol. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

Channel 6

8.55 am The Christmas Pantomime. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

2.00 pm Nobody minded the Rain. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

6.25 am Breakfast television. The first of the day's breakfast programmes, featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

10.30 am A Christmas Carol. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

Channel 7

8.55 am The Christmas Pantomime. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

2.00 pm Nobody minded the Rain. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

6.25 am Breakfast television. The first of the day's breakfast programmes, featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

10.30 am A Christmas Carol. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

Channel 8

8.55 am The Christmas Pantomime. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

2.00 pm Nobody minded the Rain. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

6.25 am Breakfast television. The first of the day's breakfast programmes, featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

10.30 am A Christmas Carol. A musical extravaganza featuring the voices of the Two Ronnies, the Three Stooges, and the Three Musketeers.

Dee buys Ulster grocery chain in £22m share deal

BY DAVID DODWELL

Dee Corporation, the supermarket group that was until recently called Linford Holdings, has bought the 20 supermarket chain Ulster grocery chain, along with chain's wholesale supplier, in an all-share deal worth £22m.

Dee has bought the 20 supermarkets which make up F. A. H. & Co., and its retail subsidiary, Broadfields. The companies are understood to be privately controlled by the family interests, but Dee did not disclose yesterday the details of the interests.

Dee has issued 5.7m new shares to pay for the chain—a 10 per cent increase in its issued capital. Of these, 1.4m will be the right to receive interim dividends payable on February 14. The vendors are understood to have placed 1.4m of these shares. At the end of trading

yesterday, Dee shares were unchanged at 385p.

Dee said yesterday that the two companies made profits before tax in the year to January 31 1983 of £4.69m, and that profits for the current year were expected to be higher. Net assets amounted to about £17.43m, with between £4m and £5m of this accounted for in cash.

Wellworth accounts for about one-eighth of grocery sales in Ulster, which has the highest per capita spending on groceries in the UK.

The deal marks the end of a busy year for Mr Alec Monk, chairman of Dee. In May he won a leap-frogging battle with Safeway to acquire 88 Key Markets stores from Fitch Lovell, paying £44.5m.

Since then, Dee has disposed of seven Key Markets stores—six of them to Mr James Gulliver's Argyle Foods—for £12.5m. It has also acquired two hypermarkets in the north of England for £4.6m, increasing its Carrefour hypermarket chain to eight.

The controversial acquisition of Key Markets has been vindicated by Mr Monk not just by recouping 25 per cent of the purchase price through subsequent disposals but by an immediate upturn in profits. In the 28 weeks to November 12 this year, Key Markets generated trading profits for the group of £3.3m—almost equal to Key Markets' full-year profits in the year to April 1983.

This strong performance helped to boost Dee's interim pre-tax profits to £9.24m, compared with £6.88m the year before. Turnover increased during the same period from £463m to £484.9m.

profitability during the current year, and continued competition from cheap imported garments, and under-use of plant capacity as reasons for agreeing the Nottingham offer. About 85 per cent of the company's output is bought by Marks and Spencer.

He revealed that profits for the year to February 13 1984 are unlikely to be higher than £1.5m, compared with £2.4m last year. This ends a record of 10 years of unbroken profits growth.

Broker quits F. Miller in protest

BY DAVID DODWELL

Greig, Middleton and Co. signed yesterday as stockholders to F. Miller (Textiles) protest against the terms of the takeover offer for the Glasgow-based supplier to Marks and Spencer, from Nottingham manufacturing.

Mr Mark Kemp-Gee, senior partner of Greig, Middleton and Co., said yesterday that he had been asked to resign as a shareholder of F. Miller after the takeover offer for the Glasgow-based supplier to Marks and Spencer, from Nottingham manufacturing.

estimate the company's net asset value to be about £1p per share. Mr Kemp-Gee was concerned at the limited information provided to shareholders in the circular outlining the Miller board's reasons for accepting the offer.

While acknowledging that the company faced difficulties compared with its buoyant past, he emphasised that Miller was still making pre-tax profits of £1.5m for the current year. It had an "astronomical" balance sheet, and substantial cash reserves. He said that institutional investors had not yet been asked to accept the offer, and that the price did not adequately reflect this underlying strength.

Meetings are planned with Scottish institutions on January 4, and with English institutions on January 6, after which a decision will be taken on further action.

On Wednesday this week, Mr Frederick Miller, the chairman of F. Miller, pointed to a fall in

profitability during the current year, and continued competition from cheap imported garments, and under-use of plant capacity as reasons for agreeing the Nottingham offer. About 85 per cent of the company's output is bought by Marks and Spencer.

He revealed that profits for the year to February 13 1984 are unlikely to be higher than £1.5m, compared with £2.4m last year. This ends a record of 10 years of unbroken profits growth.

Danish Bacon £0.75m loss

A FUTURE of "great uncertainty" faces Danish Bacon company (DBC), if it remains an independent concern.

This warning is given in a circular which urges shareholders to accept an offer by S. Food, a Danish pig meat export association, for the shares that it does not already own.

For the first 32 weeks of 1983 this Hertfordshire-based food importer and distributor reported losses of £871,000 on sales of £11.5m.

It is proposed that the agreed acquisition be implemented by means of a scheme of arrangement. DBC shareholders are being offered 115p cash in consideration for the cancellation of each "A" ordinary share, 85p cash for the cancellation of each preference, and 115p cash for each "B" ordinary share.

Fosco Minsep reorganisation

As part of continuing rationalisation of the Fosco Minsep group structure, Unilever Industries (a division of Fosco) has sold to the parent company its 50 per cent holding in Carborundum-Universal SA, and to Minerals Separation (a Fosco subsidiary) its 12.7 per cent holding in Fosco Minsep BV (Netherlands).

Fosco Minsep BV remains wholly owned within the Fosco Minsep group.

The considerations received by Unilever for these two shareholdings were £3.48m and £10.06m respectively, settled in cash.

The values of the holdings in the books of Unilever were £161,000 and £5,501,636 respectively and net tangible assets of the two companies attributed to Unilever at December 31 1983, were £3.75m and £9.9m.

U.S. buy-out of Ciro

Ciro Inc. of the U.S., through Kitec and Aitken, is making a cash offer to acquire all the ordinary shares in the U.S. retailer Ciro plc, that it does not already own. The offer is pitched at a price of \$1.65 per ordinary 10p share.

On or before January 13, Ciro Inc. will exercise options to acquire 1,257,700 ordinary shares in Ciro plc (equivalent to 40.3 per cent of Ciro plc's capital), also at \$1.65 per share. This will result in Ciro Inc. holding in aggregate 82.3 per cent of Ciro plc's equity, prior to acceptances of the offer.

many shares in Ciro plc as possible. The options that Ciro Inc. is to exercise represent shares acquired from former major shareholders, including the Swarovski Group and Mr J. P. Marquis.

Kitec Aitken & Safran added that the eventual possibility of one Ciro quote—in the U.S.—fitted in with the company's plans to expand its U.S. business, which currently accounts for about 28 per cent of revenues.

The offer announced yesterday will be unconditional in all respects. It is expected that the offer document will be posted to shareholders in Ciro plc as soon as practicable after the exercise of the options.

Murchison paying 80c final as profits recover

BY GEORGE MILLING-STANLEY

SOUTH AFRICA'S Consolidated Murchison has given a real Christmas bonus to its shareholders who hope faith with the company over the last few difficult years, with yesterday's declaration of a final dividend of 80 cents (47p).

This payment brings the total for the calendar year 1983 to 100 cents, after last year's absence from the dividend list.

market antimony prices, sweeping cost-cutting measures and the higher gold price.

There had been speculation that Murchison might be forced to omit its final dividend this year, in spite of the first-half recovery which saw the payment of an interim dividend of 20 cents.

This speculation drove the share price down to a low for the year of 315p.

In recent weeks, by contrast, there has been a steady demand for the shares from South Africa, and this took the price to 825p yesterday in advance of the dividend announcement. This represents a rise of 255p in the past week and the highest level seen so far this year.

Granville & Co. Limited				
Licensed Dealer in Securities				
27/28 Lovat Lane London EC3R 6EB Telephone 01-421 1212				
Over-the-Counter Market				
1982-83	Company	Gross Yield	P/E	Future
142	Low Ass. Bnd Ind Ord	12.2	6.4	5.2 7.1
158	177 Ass Bnd Ind CULS	13.4	10.0	7.5 —
158	57 Assurance Group	7.6	8.1	8.9 21.7
46	21 Armature & Sheds	2.5	—	—
268	93 Barroon Hill	266.0	7.2	2.7 10.9
54	53 Bar Technologies	54	2.7	5.0 9.7
200	200 CCL Group	200	5.3	5.5 4.5
151	100 CCL Group	151	11.9	1.9 —
270	100 CCL Group	270	17.8	17.8 —
56	45 Debarth Services	51	6.0	11.8 27.3
167	77 Frank Marshall	167	8.7	5.1 7.2
171	75 Frank Marshall	171	7.1	18.2 2.4
83	38 Frederick Parker	83	7.3	14.6 13.9
192	90 Ind. Prov. Cans	192	7.1	14.6 13.9
226	100 Ind. Prov. Cans	226	7.1	14.6 13.9
117	47 Jackson Group	117	4.1	3.8 6.1
227	111 James Burgess	227	4.0	1.3 22.9
303	275 Min-house Holdings	303	20.0	16.6 13.4
200	200 Robert Jenkins	200	20.0	16.6 13.4
83	54 Semitons & Co	83	5.7	9.5 10.0
167	76 Torrey & Galt	167	2.8	3.8 —
435	355 Trevelyan Holdings	435	1.0	5.8 11.1
28	17 United Holdings	28	9.8	7.7 10.9
90	64 Walter Alexander	90	2.1	7.1 7.7
276	214 W. S. Yates	276	2.1	7.1 7.7

Sketchley into bottom end of U.S. cleaning

By Charles Batchelor

Sketchley, the dry cleaning and workwear rental group, is venturing further than most UK laundry groups have yet dared to go with the purchase of a U.S. napery rental company.

It is paying \$13m (£9.1m) for the nappy business of Blessings Corp. of Piscataway, based in New Jersey. Blessings claims to be the largest company in its field with diaper rental services in 23 major U.S. cities.

Despite being the home of the disposable nappy, the U.S. also has the most highly developed market for nappy rental services, according to Mr Thomas Adam, finance director of Sketchley.

Blessings' main customers are families with newly-born babies although it also supplies hospitals and nursing homes. It regularly delivers clean bundles of nappies returning to collect the somewhat messier used article.

It's a simple laundry operation, involving the "drying" of nappies and leaving clean ones, said Mr Adam, in a comment most parents would regard as something of an understatement. Nappy rental already exists on a small scale in the UK, but Sketchley says it has no plans to develop the market further.

Blessings' diaper services division made operating profits of \$2.3m on turnover of \$27m in the year ended January 1 1983.

Sketchley has signed a letter of intent to acquire the division, but the deal still requires the approval of both companies' shareholders. It will be financed by a medium-term loan and Sketchley's existing cash resources.

Diaper services account for about half Blessings' business. The U.S. group now plans to concentrate on its operations which make plastic film and extruded plastic disposable products.

The Blessings purchase will give a further boost to Sketchley's growing U.S. operations which already account for just over one-third of total sales and slightly less than a third of profits.

In a separate deal, Sketchley has agreed to buy Embassy Cleaners, which has a chain of 117 dry cleaning retail outlets in Toronto and Southern Ontario, Canada, from Imasco Retail for C\$5m (£4.5m).

Sketchley will pay C\$4m from its own cash resources and raise the balance from a seven-year term loan facility in Canada. Its shares rose 3p yesterday to 404p.

Allianz bid gets 0.01% acceptances

Allianz Versicherung, the West German insurance group, has received acceptances from shareholders amounting to 0.01 per cent of the 7.561 million shares it is offering to buy in the UK insurer Eagle Star.

The Allianz offer will remain open until 31st May on December 30, although the company announced on Thursday terms of a new offer worth 675p a share, matching the earlier offer from its rival BAT Industries, the tobacco group.

Take-over bids and deals

On Thursday, Allianz, the West German insurance group, made another move in the long-running battle for control of UK composite insurance concern Eagle Star. In what was considered to be a holding operation, Allianz upped its bid to £14m to £23.4m, the equivalent of 675p per share, to match last week's bid from rival BAT Industries. The Eagle Star share price remains well above the bids at 720p. Both bidders have another week to further increase their offers in the largest takeover battle in cash terms seen in the UK.

An informal Stock Exchange inquiry into dealings in International Paint's shares prior to the announcement that the company was in discussions with its parent Courtaulds prompted the latter into a seemingly generous share-exchange offer for the 12.2 per cent of International not already owned. The terms, five Courtaulds shares for three International, value the minority at nearly £10m and should ensure a smooth tidying-up operation.

Fresh negotiations have resulted in Aul and Wiborg, the loss-making chemicals, inks and paint concern, agreeing to a £4.7m bid from principal shareholder Sun Chemical of the U.S. The latter is offering 46p per share for the 52 per cent of A and W not already owned and dealings in A and W's shares resumed after a brief suspension at 44p compared with the pre-bid price of 33p.

In a major U.S. expansion move, Coates Brothers, the UK printing inks manufacturer, acquired the Colonial Printing Inks division of Millmaster-Onyx of New Jersey for £7.1m cash. Coates will fund the acquisition through borrowing.

Months of speculation about the future of the Rolls-Royce diesel engineering business ended on Tuesday when Vickers agreed to sell it to Massey-Ferguson, the Canadian farm equipment and diesel engine manufacturer, for £20m cash. The acquisition of the Rolls-Royce business will complement the range of engines made by Massey's diesel engine subsidiary Perkins.

After requesting a halt to dealings in its shares last week, Kray Productions, the loss-making furniture manufacturer, announced that it was at an advanced stage of negotiation with a group of investors about a possible bid for the company. News of the discussions is expected shortly.

Britannic Assurance made an agreed bid worth about £9m for Midland Trust based on the latter's net asset value. Together with acceptances already received and shares owned, Britannic can already account for 50.9 per cent of the Midland Trust equity.

Investors in industry made a recommended offer of 57p per share for the 60 per cent of investment trust Edith it does not already own. The offer values the whole of Edith at £56m and follows lengthy negotiations, including an independent valuation of the latter's investment portfolio.

Company	Value of bid for share	Price bid per share	Value of bid for share	Price bid per share
Allianz	245	237	220	88.00
Aul & Wiborg	46	44	33	4.70
Bishops Grp Ord	291	250	275	5.00
Bkly & Hay Bill	21	210	245	7.74
Danish Bacon A	115	105	101	2.81
Eagle Star	675	720	525	933.69
Eagle Star	675	720	500	933.69
Edith	57	56	47	55.95
FCM	49	46	48	4.90
Guilball Prop	182	155	132	0.99
Heical Bar	65	58	75	1.89
Hoover (UK) Ord	240	237	215	18.34
Hoover (UK) A	235	232	205	28.69
Ingram (H.)	65	255	60	1.02
Intnl. Paint	104	102	104	154.03
London Brick	250	255	195	6.34
Miller (F.)	36	38	42	5.18
Rightwell	25	190	200	2.57
Rosedmond Inc	57	57	50	3.44
Rosedmond Cpn	241	224	185	6.41
Russell Bros.	100	115	115	0.72
Stenhuse	143	132	104	54.66
Sunlight Serv.	25	20	38	1.15
Tecanite	43	50	29	2.08
Telfos	40	50	38	2.03
Trust Securities	15	56	46	4.69
Twinclock	71	60	60	15.17
UBM Group	139	125	99	81.50

* All cash offer. * Cash alternative. * Partial bid. * For capital not already held. * Unconditional. * Loan stock alternative. ** Based on 23/12/1983. † At suspension. ‡ Estimated. § Shares and cash.

Offers for sale, placings and introductions

Polly Peck—Raising £3.0m with a placing of new 0.5p per share.

Scrip Issue

Eldridge Pope—Two for one scrip issue.

BIDS AND DEALS IN BRIEF

Electra Risk Capital has made an investment of £502,500 in Thermal Conversions, a U.S. company which was formed in May 1982 by Dunlop, the British Technology Group, and Ron Sherwin to exploit the thermal process technology developed by Mr Sherwin.

The company will be using the technology at Abernethy Colliery in South Wales, where a new design of rotary kiln will be used to convert coal mine waste into lightweight aggregate which can be used for concrete and building blocks.

PRELIMINARY RESULTS				
Company	Year to	Profit	Dividend	Dividend
Carlton Comm.	Sept	4,730 (1,790)	—	4.8 (—)
Chemring	Sept	1,300 (1,028)	51.1 (28.1)	5.8 (6.2)
Cifer	Sept	1,350 (561)	6.2 (5.2)	— (—)
Croule Group	Sept	1,200L (80L)	—	— (—)
Dewhurst Dent	July	136L (33L)	—	— (—)
Eldridge Pope	Sept	2,250 (1,670)	56.8 (38.8)	7.25 (8.0)
Grand Met.	Sept	295,200 (220,200)	35.4 (27.1)	8.65 (8.38)
Hardys & Hanson	Sept	2,880 (2,680)	25.4 (23.1)	9.2 (9.0)
Jackson, J & H B	Sept	3,580 (3,135)	10.9 (9.7)	0.95 (0.9)
Johnson & Firth	Sept	10,500L (4,500L)	—	— (—)
Kelsey Ind.	Sept	1,140 (7,360)	12.5 (16.7)	8.0 (8.0)
Kynoch G. & C	Sept	1,950 (1,340)	24.5 (14.5)	11.0 (11.0)
Kitchen Taylor	Aug	14L (34L)	—	— (—)
Lloyds & Scot.	Sept	22,400 (12,300)	7.8 (5.4)	3.87 (3.57)
Nash Industries	Sept	678L (414L)	10.9 (8.2)	4.0 (4.0)
Nth. Brit. Steel	Sept	1,450L (335L)	—	— (—)
Pict. Pet.	Oct	232L (1,500L)	—	— (—)
Polly Peck	Sept	24,700 (10,511)	283.3 (146.3)	— (—)
United Spring	Sept	250L (119L)	—	— (—)
Western Select.	Sept	405 (60)	2.3 (8.7)	2.5 (2.5)
Williams, John	Sept	1,600L (1,600L)	—	— (—)
Williams Lea	Oct	1,410 (1,110)	37.9 (36.7)	5.25 (5.25)

INTERIM STATEMENTS				
Company	Half-year to	Pre-tax profit	Interim dividend	Interim dividend
Austin James	Sept	111 (204)	0.67	(0.67)
Batteries of York	Oct	466 (659)	0.5	(0.5)
Brit. Dredging	Aug	322 (23)	1.0	(—)
British Land	Sept	3,610 (3,400)	0.5	(—)
Capper Neill	Sept	4,100L (1,300L)	—	(—)
Cluff Oil	June	691L (2,280L)	—	(—)
Cream, James	June	2,020 (473)	4.15	(—)
Electric & Genl.	Nov	1,228 (312)	—	(—)
ERP	Oct	137 (612)	—	(—)
FMC	Oct	104 (416L)	—	(—)
Forminster	Oct	604 (758)	2.03	(2.03)
Gibbs Mew	Sept	485 (271)	1.1	(1.0)
Green Kint	Oct	3,440 (3,253)	1.45	(1.3)
Halma	Oct	1,970 (351)	0.81	(0.8)
Haras, Philip	Sept	28 (18)	2.0	(2.0)
Higginbotham & Job	Sept	21 (63L)	—	(—)
Higginbotham & Opt.	June	60L (25L)	—	(—)
Hillingworth Mtrs	Sept	1,110 (731)	—	(—)
Jones, Edward	June	30 (63L)	—	(—)
Mansfield Brew	Sept	4,240 (4,310)	3.28	(2.1)
Martin, Thompson	Sept	3,870 (3,550)	0.57	(0.51)
Memory Comptr	Sept	1,200 (125)	1.6	(1.3)
Milbury	Sept	510 (340)	1.0	(—)
Minet Holdings	Sept	583 (819)	2.45	(—)
Monk, A.	Aug	1,140 (1,380)	2.0	(1.5)
Neroros	Sept	13,900 (12,610)	2.3	(2.08)
Parkfield Found.	Oct	2,730L (711L)	—	(—)
Reardon Smith Ltd	Sept	488 (2,770L)	—	(—)
Real Time Contrl	Sept	415 (407)	—	(—)
Scott's Rest.	June	115 (78)	—	(—)
Smith Bros.	Oct	802 (—)	1.0	(1.0)
Sterling Ind.	Sept	302 (415)	0.5	(0.5)
Stoddard Hds	Sept	397L (1,020L)	—	(—)
Stuart, Edgar	Oct	94L (84L)	—	(—)
Superdrug Stores	Sept	2,080 (1,640)	—	(—)
Sutcliffe Spkman	Sept	1,34L (1,58L)	—	(—)
Syltore	Sept	225 (59)	3.6	(3.6)
Transcont. Serv.	Sept	2,400 (2,250)	3.57	(3.57)
Trust Secs.	May	2,500L (442L)	—	(—)
Turnbull Scott	Sept	522 (880L)	3.0	(3.0)
Victoria Carpet	June	1,150 (1,167)	—	(—)
Wedge	Sept	2,880 (1,156)	2.25	(1.75)
Wheway Watson	Oct	585L (735L)	0.05	(0.05)
Willaire Systems	Sept	33L (70L)	—	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net of tax per share except where otherwise stated. † For 15 months. ‡ Figures for year to April 3, 1982. †† In £. ††† Figures for nine months. § Figures after tax. L Loss.

Rights Issues

Bond Corporation is expected to acquire a stake of between 25 and 50 per cent in Airship Industries in the wake of a £7m rights issue.

Carlton Communications—To raise £7.4m by way of a one for five rights issue at 300p per share.

Jones, Edward Group is calling on shareholders for £1.37m for a rights issue of two ordinary shares for every three held, and 10 ordinary shares for every £3 nominal of loan stock 1986-88 at 33p per new share.

Sheafbank Property Trust—Rights issue to raise £208,000 on basis of two for five at 15p each.

investment company Coventbrook. The consideration will be satisfied by the issue of 2.1m new ordinary shares of 10p each in Gilbert House.

The assets of Coventbrook consist of two uncharged properties in Covent Garden, London. The present income from the properties is approximately £28,000 per annum—the major proportion of which is from commercial tenants on long leases with upward rent reviews.

Reedbrook.

British Vita has acquired a 100,000 sq ft factory in the centre of Middleton which will help in the expansion of businesses currently based on the group's nearby manufacturing and headquarters complex.

It is intended to move Vita consumer divisions continental quilts and pillows operations to the factory, and space vacated on the main site will be utilised for development of the consumer products, foam and rubber businesses. The plans involve investment

The awful secret of Room 101

THE GRIMY, crumbling tower of the Securities Commission, still popularly known as the Stock Exchange, pointed up towards the leaden sky. Winston Smith, drawing his thin coat around him as inadequate protection against the bitter wind along Old Broad Street, hurried up the steps and through the glass doors.

On every wall inside huge posters were fixed, bearing the slogan: "The Big Bang is coming."

His office was on the 21st floor, in the Rulebook Building department. He took his place at his desk, which was dominated—as were all the desks and rooms in the building—by a large television screen.

Topic screens, they were called. The picture could be changed slightly, but it was impossible to turn the screen off completely. All day, endless columns of figures would appear on them, and sometimes urgent written messages would flash up in large letters.

Usually they referred to the latest despatches from some distant battle. The struggle had not always been the same, but one of the longest had been a war between the German alliance and the British-American forces. Sometimes one side had appeared to be winning, then the other side would hit



the face of Gordon Borrie, the enemy of the Stock Exchange, who had once conducted a vicious five-year campaign against the stock market, but had eventually been driven off.

His present whereabouts were unknown. There were rumours that nowadays he was occupied fighting battles elsewhere, against accountants and vets. But it was necessary to be prepared at all times in case he returned to fight the Exchange.

A bell sounded the end of the Two-Minute Hate, and Winston turned his attention to the piece of paper. It said: Rule 71. Limited corporate member. 49.9 per cent. Rectify.

Winston smiled with satisfaction. This would be a simple task. He looked up Rule 71, and saw that it limited a single holding in a firm to 29.9 per cent. Quickly he changed it to 49.9 per cent, and put it in the out-tray. Within hours a new page would have been printed and distributed, and the previous ruling would immediately be forgotten by all Members.

It was dangerous to remember anything that happened before this particular day in 1984—what Winston called the "Year of the Big Bang"—but he could not so long ago, the relevant figure had been only 10 per cent. Then the council had begun to change, in many disturbing ways.

So far had it changed that it was now proposing to dismantle its entire structure of fixed commission rates on a single day—the so-called Big Bang.

What was more, the council had decreed that members must act both as market makers and as brokers. They must have two capacities—the so-called duality.

The most disturbing change of all had come only a few weeks before. Until then, the council had been waging a constant war against a sinister foreign organisation called Merrill Bache, which it was said had been giving support to the hated Gordon Borrie himself.

But quite abruptly, the council had made it known that it was now in alliance with Merrill Bache. Foreigners were welcome in the Stock Exchange.

Winston knew how dangerous it was to oppose official policy, but he could not resist an act of rebellion. Across the notepad on his desk he scrawled in large letters: DOWN WITH THE BIG BANG.

Quickly, he covered it up. If it were discovered, he would almost certainly be taken away, and his crime would be thought to be severe, because an unpardonable. It was a fate that could befall even those of the highest ranks. For example, the senior Party

official in charge of Stock Exchange affairs had changed with bewildering rapidity, and no adequate explanation had ever been offered.

Not, Biffen, Cockfield, Parkinson... none had lasted long. Some had merely been switched to other positions, but Not and Parkinson had been declared unpardonable by the Party. No mention of them was now ever made, and it seemed hard to believe that they had once been people of great power.

Now yet another Party chief had taken control, called Tebbit. Winston shivered at the thought that he had previously been in charge of the slave labour camps.

Tebbit had brought in a sinister cadre of Thought Monitors to maintain total control over the Stock Exchange. Fanatical and highly trained, they came from the grim, windowless building of the Bank of England.

It seemed pointless to try to oppose the Council. Yet if only, somewhere, he could find a group of like-minded people who could plot to reverse the drift of policy.

At that precise moment his telephone rang. A muffled voice spoke. "A mutual friend tells me you are unsettled where you are," it said. "I can offer you the chance to join a quite different organisation. I'll have a car downstairs for you in 15 minutes."

Winston's heart leapt. Could this be the Brotherhood he had heard about that opposed the Big Bang? This could be his chance to strike a blow against the Party and the Council.

Two men in dark coats hustled him into a waiting limousine. The car drove fast, but he caught glimpses of Fleet Street and the Law Courts. When it stopped, through the mist and driving rain he thought he could make out the outline of the Savoy Hotel, or the Strand Post House as it was now called.

Inside the porter was waiting for him. "You are expected, sir," he said. "In Room 101."

Room 101? The name struck a distant chord. In a book he had once read it was the place where your worst nightmares came true. Had he blundered into a trap?

The two burly attendants pushed him into the lift and along the corridor to Room 101. There was no turning back. The enormity of his folly dawned upon him as the door burst

open and the contorted figure of a young man in a striped City suit staggered out.

"I can't do it," gasped the tortured wretch. "I can't afford to take a pay cut!"

Now it was Winston's turn. Inside the room, he was momentarily distracted by several large pictures of Lord Fortie, which were now all over the hotel. Then he was confronted by a middle-aged man with a broad but chilling smile, who stroled forward, holding out his hand. "Hi, Winston," he said in a strong American accent. "It's great to meet you. I'm O'Brien from Merrill Bache International."

So this was the secret of Room 101. It was not the base of the Brotherhood, but the interrogation chamber of the evil international organisation which was now in league with the Stock Exchange authorities.

Winston seemed to be pinned to his chair. On his desk, O'Brien had a large dial, which he turned to the figure 100. Immediately Winston was racked by unbearable pain. "No, I can't take it," he cried.

"You're being silly, Winston," snapped O'Brien.

Winston knew that resistance was no longer possible.

"You know that's not the right answer," his hand turned over the dial, then turned the needle to 200. A feeling of even greater agony flooded through Winston's body, but still he gritted his teeth and shook his head.

"Very well," said O'Brien. "We'll try the maximum." The needle turned to 300, at the end of the dial. Winston knew that resistance was no longer possible. "All right, I'll join you for £300,000 a year," he gasped.

A little later, Winston was outside. The rain had stopped and rays of sunshine slanted through the trees along the Embankment and reflected off the water of the river. It had been a long struggle, but a strange feeling of tranquillity and contentment came over him.

In his mind he saw a vision of the future—the sweeping away of the past, the collapse of barriers and the creation of a new international financial conglomerate.

He had won the victory over himself. He loved the Big Bang.

The mystery of the missing truffles

By David Marsh in Paris

TRUFFLES are black, dirty and ugly fungi which grow under the roots of oak trees and are dug out by pigs drawn by the odour of a mysterious steroid found also in human sweat.

Alternatively, they are the "diamonds of the table," prized since ancient times for their gastronomic and aphrodisiac qualities (a centuries-old piece of folklore now confirmed by German scientists).

Tossed into a plate of scrambled eggs or mingled with goose liver pate, a succulent shaving of truffle, emitting a dream-like fragrance (so tradition has it) of musk, nutmeg and ozone, can turn a humble meal into a dish fit for kings and angels.

A shaving is about all even a king can afford. A 12.5-gram best quality specimen, the size of a 10p piece, from the region of Périgord in southern central France is selling this Christmas in London's Fortnum and Mason for £3.50—making it the most expensive food on earth, twice the price of caviar.

And worse—truffles are dying out.

"People are eating rubbish. The situation is catastrophic. My advice to consumers is not to buy them," bluntly says M Jean Grante, head of the INRA French Government research centre in Clermont Ferrand. M Grante, a roly-poly but slightly wistful man of 62, is the father of modern trufficulture. For more than 20 years, he has pioneered laboratory methods of cultivating truffles in order to bring, as he says, "a little more happiness to everyone."

Today, the only people who are happy are the profiteers of the international truffle trade. Truffles are about the only agricultural commodity in the EEC in dramatically short supply, and the days when Alexandre Dumas, in a cook book published in 1873, could present recipes that began "five or six good-sized truffles" seem unlikely to return.

The knobbly delicacies are the fruit of an underground mushroom which, under certain soil and climatic conditions, grows attached to the roots of oak, hazelnut or linden trees. For centuries, they were thought of as supernatural phenomena—the product of thunderbolts or insect stings.

Man's attempts to cultivate truffles nearly always failed dis-

mally. In nature, the chance of a truffle variety, as opposed to another of the myriad types of competing mushroom, growing in symbiosis with an oak tree is hundreds of thousands to one. So truffle hunting (aided by pigs or, more manageably, dogs) has always been a random business. But thanks mainly to the expertise of Frenchmen who lived a good deal closer to the soil than nowadays, the truffle trade blossomed during the 19th and early 20th century before a decline set in after World War II.

Better times seemed on the way. This followed years of experimenting by M Grante, aided by his assistant, M Gerard Chevalier—who is also an infantry commander in the local soldiery and says truffles and the army are his "two loves" in life.

In partnership with Italian scientists, the INRA researchers perfected methods of inoculating oak seedlings with truffle

spores. The saplings, first planted in sterile soil and then moved outdoors, produced truffles as tasty as any other after a growing period of only around four years compared with the natural delay of about a decade.

Nearly six years after the breakthrough, French truffles however are scarcer than ever. Traditional truffle growers—who knew how to cut back the wood and clear surrounding undergrowth—have drifted into towns, or died and taken their secrets with them.

And potential newcomers to the business, in spite of the astronomical prices and the scientific methods within their reach, have been discouraged by the costs, the risks and the recession. Even a plague of

voles has recently bitten the harvest. Far from princely annual production around 2,000 tonnes of quality truffles at the turn of the century, yearly output the growers in south-east France is now more than around 20 tonnes. As a result of summer's drought, which has the wine harvest but can be disastrous for truffles and this year's crop—collected—again be very poor.

To meet demand, gourmet restaurants, canning industry, and export trade which does business with the U.S., Germany and the Middle East, France imports large quantities of truffles from Spain and Italy.

But because supplies are short, unscrupulous middlemen probably pass off animal, least 100 tonnes of lower-quality mushrooms, shredded and dyed to look like truffles, for in "truffled" delicacies are false graces.

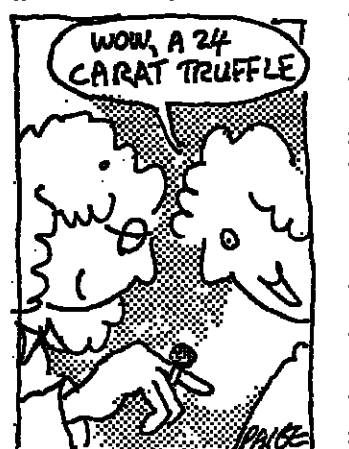
M Charles Parra, president of the French trufficulteurs' federation who harvests truffles himself in the Lot region S.W. France, looks back with nostalgia to the days when farmers brought whole sacks of truffles to market.

But he warns of the need "prudence" with the methods. "You can't make science of the truffle. It remains mysterious."

Last week in the Paris market place, the truffles (which up to 1983 were valued at 1,800 francs a kilo) fell to 1,500 francs a kilo. That is, into 1,500 francs a kilo for a much more expensive 1985 for a 50 gram for the time the fungus reaches smart Parisian food shops.

M Grante estimates that, satisfy total potential demand of around 500 tonnes a year around 100 truffle-producing trees need to be planted. 20,000 hectares of limestone across France—an investment of around £10m. He calls more government subsidies.

The Italian truffle industry, based in Umbria and Piedmont and aided by regional grants and university research, meanwhile adopted no inquiry to the new methods. They have more dynamism, says M Grante grimly. "In the next few years they will be selling truffles more cheaply than ours."



Weekend Brief

While Shepherd's Bushers watch by night

Why have we no real Christmas cards in London W12? Has Scrooge won at last? Look at the shelves in the City dominated by a large colour card of Elton John and the Watford Football Club and a montage of tennis racquets and cricket bats from Lilywhite's. Where are Santa Claus and Dickensians?

Why have we no friends, except public relations people? Why did I crouch down 15 times the other evening to deliver Christmas cards to the inconvenient letter boxes of W12? Let us say that the great postal strike of Shepherd's Bush—just called off—has soured our Christmas. No mail for weeks, and I had to carry the greetings from Watford and Lilywhite's from my car at the FT in order to give my home the usual display.

But we're taking it very cool. After all, delivering your own Christmas cards isn't too much of a burden. But it was, I suppose, for the men the other night jogging in a rain suit who were passing out local addresses and found himself at the wrong end of a 999 call. For us fat cats, life goes on pretty well as before. There are no Christmas cards, but no bills either. We've just had a new hot water system installed and the Gas Board's bill for around £1,000 is somewhere in the post. In the meantime the money, lent by our building society, is lying on deposit making us a few quid.

I bought a Christmas pint for a temporarily unemployed postman who didn't support the strike. "I'm losing a lot of money this Christmas," he said. And this is a man coming up to retirement. "My Christmas tips are usually around £200, and nothing this year."

Then there is Mr Mike Flint, a local marine equipment wholesaler, who claims his business is deteriorating so much since the strike began that he is threatening to sue the Post Office under a law that says the PO is obliged to deliver the mail.



The sorting office nightmare of a postal strike

It is nice to live in an independent state—Passport to Pimlico in reverse—where you don't get any good news or bad news, either. They say it will take two months to settle the backlog.

Then they will arrive, the bills, the credit card reckonings for the Christmas period, the cards and the letters from neglected aunts. It is said that the postman always rings twice. What will happen when he rings three times?

Footnote: I was mugged the other day in Shepherd's Bush. The police recovered my credit cards and arrested a man, but haven't released them yet. So I may be reduced to a Christmas without credit cards or mail. A vision of purgatory?

Videos losing out to board games in the U.S.

As an inventor of games Mark Elliot has had mixed fortunes. Five years ago, with his then partner Brian Taylor, he invented Skirid, a board game which sold well initially but from which he was subsequently parted after a somewhat acrimonious split with his financial backers. Two years later Elliot was back with the Pyramid Puzzle and Game. Again it did not realise the full potential he had hoped for.

Now, Elliot is forswearing invention for promotion. He has devised what he calls the Inter-

national Video Game of the Year Competition, which is due to be launched on January 4. The idea is to encourage budding video game inventors around the world to compete with one another for a \$100,000 first prize, plus a 10 per cent royalty on all sales of their game. Representing Elliot internationally, and in charge of negotiating licences with video game manufacturers, is the ubiquitous Mark McCormack's International Management Group, best known for marketing the likes of Angela Rippon and Michael Parkinson.

Prize money of \$175,000 (there will be five \$15,000 awards in addition to the first prize) has been put up by an offshoot of Ashley Industrial Trust, the majority shareholder in Elliot's company, Video Games International. Ashley, a public company with diverse interests including plywood and pre-recorded video tapes distribution, is currently hoping for a recovery from a first half 1982-83 loss of £115,000.

The competition comes at an interesting time in the video games market. Although games have been selling like hot cakes in Britain this Christmas, the industry has been suffering some agonies in the U.S. Losses among major games makers like Atari have escalated as a result of overproduction in an increasingly crowded market. Also, declining interest has forced the closure of a number of video arcades in the U.S. and some parents and civic leaders have of late sought to ban video games as being harmful to children. At the same time

there has been a noticeable rise in the popularity of traditional toys such as dolls—witness the craze for Cabbage Patch dolls—and board games.

Elliot is not disheartened. He believes the competition will regenerate interest in video games and, most important, will flush out a winner which the video game makers will be only too eager to get their hands on. But they will have to wait awhile. The competition will not close until May 15, and winners will be revealed four months later in a planned TV Special which Elliot hopes to sell to TV companies around the world.

Red roses, bananas and gifts with a personal touch

Janet Bell knows the secret of what most businessmen want to give as gifts this Christmas—frilly knickers, suspenders, and black stockings. Miss Bell, 36, runs the Unirose gift service which for most of the year specialises in hand delivering red roses in boxes or magnums of champagne among other fairly up-market gifts.

"But at Christmas we find that many businessmen among our clients order some of our sexier gifts to give to wives or girlfriends," she says. "I think that they prefer not to go into a shop and buy a suspender belt, for example, and many are even too embarrassed to

ring us direct, so they get their secretaries to do it for them." The most popular gift among the business world this Christmas, therefore, is a black crepe cracker which opens—with a bang—to "reveal two pairs of pure silk knickers in scarlet and black." At a price of £19.75 plus delivery, these are selling like the proverbial hot cakes. Close behind in the popularity stakes with businessmen is a red box "fitted with black tassels and containing two pairs of black super sheer 15 denier stockings and a matching, adjustable suspender belt on a cushion of red satin."

All this is a far cry from the original concept of Unirose which was set up over a decade ago by an engineer working in Saudi Arabia. He found himself thwarted in his attempt to send a single red rose in a box to a girlfriend in Britain—so he started his own red rose delivery business when he returned to the UK shortly after. There were sufficient romantic letters left in Britain for the service to create a profitable niche, especially around the peak times of Christmas and St Valentine's Day. However, it became clear that many people were willing to pay for other gifts to be attractively packaged and delivered, even if it meant paying more for the service.

Gradually Unirose extended its range from red roses and champagne to other types of drink and its present range of over 50 gifts.

Janet Bell, who had been a repertory actress, used to work for Unirose in its tiny West London premises while "resting" between jobs. When the engineer who founded the company decided to move to Devon to develop more marketing ideas in pleasant rural surroundings, she took over running the company, called Unirose Gift Services. She is now managing director and a substantial shareholder.

While single red roses are still sent out in their thousands each year, Miss Bell has determinedly pursued the business community. "We do a lot of promotional work for companies, especially advertising agencies," she says. Last summer, for example, some 10,000 roses were sent out by Unirose on behalf of Fiat Cars as part of a major promotion. Bottles of drink are another favourite of companies anxious to please clients and suppliers with a gift that has a personal touch.

But Miss Bell also caters for the more unusual requests. "We recently sent a bottle of champagne and a bunch of bananas to a company," she recalls. "We never did find out why."

Contributors
Alan Forrest
Nicholas Leslie
David Churchill

BUILDING SOCIETY RATES

	Share s/cs	Sub'n shares	Others	
Abbey National	7.25	8.25	9.00	2-year Bondshare, 90 days' notice and monthly 8.25 High Option, 90 days' notice. No penalty 8.25 7 days' notice. No interest penalty
Aid to Thrift	8.50	—	—	—
Alliance	7.25	8.25	9.00	2 years, 3 months' notice/penalty 8.50 28 days' notice. Imm. withdrawal, 28 days' penalty 8.25 7 days' notice. No interest penalty
Anglia	7.25	8.25	8.50	3-year Bond. No notice. 3 months' penalty 8.50 Capital Share. No notice. 1 month's penalty 8.50 1 month's notice or on demand 8.25 7 days' notice
Bradford and Bingley	7.25	8.25	8.25	7 days' notice, 8.50 2 months' notice
Britannia	7.25	8.25	8.25	7 days' notice, 8.50 2 months' notice
Cardiff	8.00	8.75	—	—
Century	8.50	—	—	* Share account balance £10,000 and over 8.75 2/3 years. Details supplied
Catholic	7.50	8.50	8.50	6-month deposits. Monthly income
Century (Edinburgh)	7.75	—	—	8.75 2/3 years. Details supplied
Chelsea	7.25	8.25	8.75	Immed. withdrawal (int. pen.) or 1 mth's not. 8.25 Gold account £1,000 + no notice no penalties. Monthly interest. £5,000 minimum. 8.57 if compounded
Cheltenham and Gloucester	7.25	8.25	8.25	plus account no penalty. Double option 8.50
Citizens Regency	7.50	9.00	8.40	6 months' notice—no penalty
City of London (The)	7.50	8.25	9.00	8.25 1 month's not., 7.75-8.80 3 months' notice 8.25 (max.) at 28 days' notice/penalty
Derbyshire	7.25	8.50	8.50	8.75 3 months, £1,000 minimum
Greenwich	7.25	8.50	8.25	Xtra Interest, 7 days' notice, no penalty
Guardian	7.50	—	—	8.50 Xtra Interest Plus, 3 months' notice no penalty
Halifax	7.25	8.25	8.50	High Growth Bond, 3 months' notice/penalty
Heart of England	7.25	8.50	9.00	8.25 5-day Notice Account
Hemel Hempstead	7.25	8.50	8.75	3 year, 8.50 28 days
Hendon	8.25	—	—	8.75 3 months
Lambeth	7.50	8.75	9.10	28 days plus loss of interest, 8.25 3 months
Leamington Spa	7.35	—	—	8.50 Top Ten. 8.75 Lion Share
Leeds and Holbeck	7.25	9.00	9.00	2 years with monthly int. 8.50 1 month's pen.
Leeds Permanent	7.25	8.25	8.50	Ex. Int. £500 min. 28 days' notice/penalty
Leicester	7.25	8.25	8.25	3 months
London and Grosvenor	7.75	—	—	8.25 High Yield (1 month)
London Permanent	7.75	—	—	8.75 1-year term. Imm. wdl. with loss of 1% bonus
Midshires	7.25	8.25	8.25	7 days' notice, £500 minimum
Mornington	8.50	—	—	—
National Counties	7.25	8.55	9.10	28 days' notice £500 minimum
National and Provincial	7.25	8.25	8.50	1 month's notice plus monthly income
Nationwide	7.25	8.25	8.75	Capital Bonds, 3 yrs., £500 min. wdl. with 90 days' loss or notice. Bonus account £25, £500 minimum withdrawal, with 28 days' loss or notice
Newcastle	7.25	8.50	8.75	4 years, 8.25 28 days' notice, or on demand with penalty, 8.50 90 days' notice, or on demand with penalty
New Cross	8.25	—	—	8.25-8.75 on share accounts, depending on minimum balance over 6 months
Northern Rock	7.25	8.50	8.25	7-Day Moneyspiner, 7 days' not. wdl. no pen. 8.75 Premium Moneyspiner on demand, 28 days' loss of interest on amount wdl.
Norwich	7.25	8.50	8.50	City Account, immed. withdrawal, with no penalty
Paddington	7.75	8.25	8.75	1 mth's not., or 1 mth's int. loss on sums wdl.
Peckham	8.00	—	—	8.25 1 month, 9.00 3 months' notice (no penalty)
Portman	7.25	8.75	8.75	2 months' notice, 8.25 no notice
Portsmouth	7.55	9.05	9.40	5 years, 9.00 6 months, 8.50 1 month
Property Owners	7.75	9.00	8.75	28 days, 8.75 3 months, 8.50 monthly income
Scarborough	7.25	8.50	8.25	Money Care and Free Life Insurance
Skipton	7.25	8.50	8.25	£1,000-£4,999 Sovereign, no penalties, no notice 8.50 £5,000+, no penalties, no notice
Stroud	7.25	8.50	8.25	3 months, 8.25 1 month no penalty with notice
Sussex County	7.25	9.00	8.25	7 days' notice, 8.50 Sh. Sh. 7.50 Sh. s/c £1,500+
Sussex Mutual	7.50	9.00	8.75	1 month's notice/immed. with 28 days' penalty
Thrift	8.15	—	—	10.15 5 years' term. Other accounts available
Town and Country	7.25	8.25	8.75	3 yrs. 1-yrly. int. Monthly income wdl. facility 8.50 28 days' notice or imm. withdrawal, with penalty
Wessex	8.30	—	—	—
Woolwich	7.25	8.25	8.25	7 days' notice
Yorkshire	7.25	8.25	8.50	90 days' notice or on demand (interest pen.) 9.00 2-year term, or 90 days' penalty (interest pen.) 8.50 Diamond Key, 60 days' penalty or 2 months' notice without penalty

All these rates are after basic rate tax liability has been settled on behalf of the investor.

Phantom hours

BY ANTHONY CURTIS

Ghost Stories
collected by Susan Hill. Hamish Hamilton, £7.95, 254 pages.

The Woman in Black: A Ghost Story
by Susan Hill. Hamish Hamilton, £7.95, 180 pages.

Christmas Spirits
edited by Peter Haining. William Kimber, £6.95, 192 pages.

The story had held us round the fire, sufficiently breathless, but except the obvious remark that it was gruesome, as on Christmas Eve in an old house a strange tale should essentially be, we remember no comment uttered until somebody happened to note it as the only case he had met with in which such a visitation had fallen on a child.

No prizes, I fear, for correctly identifying the above as the opening sentence of *The Turn of the Screw*. It was originally intended to be published in serial form over Christmas in a magazine. A ghost-story had been more or less obligatory in the December issue of any magazine specialising in fiction since the days of Dickens, and by the 1890s there were a great many such magazines in both Britain and the U.S. "I was asked," James tells us, "for something seasonable by the promoters of a periodical dealing in the time-honoured Christmas-tide toy." What is remarkable about the final product is how strictly he stuck to the time-honoured requirements of the traditional spine-chiller while totally transforming the genre into a compelling work of psychological fiction.

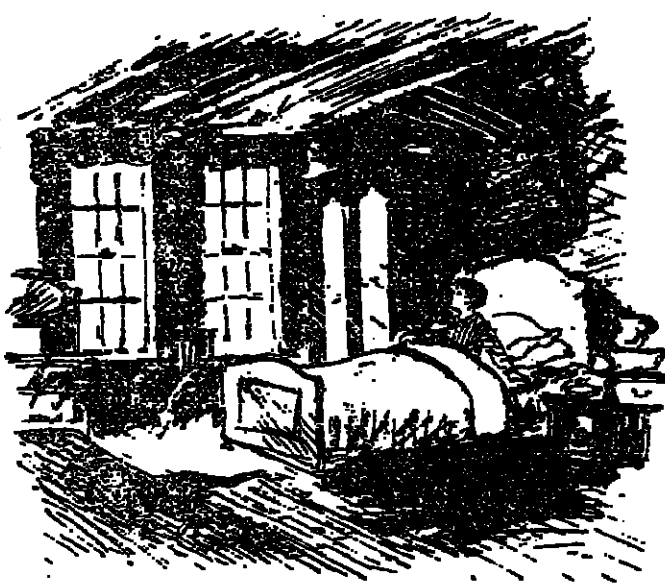
In two new anthologies of ghost stories, in which we make agreeable re-acquaintance with several old, ghostly friends, such as Dickens's *The Signal Man*, Wilkie Collins's *The Dream Woman*, M. R. James's *Oh Whistle, and I'll Come to You, My Lad*, J. S. Le Fanu's *Green Tea*, neither includes *The Turn of the Screw*. Here are all shorter tales. The James story chosen by Miss Hill is "Sir Edmund Orme," in which the ghost is an old flame of the heroine's mother, whom she

had "wronged"—by killing him during their engagement after which he had committed suicide. Sir Edmund appears first in church of all places, some 20 or 30 years after his death, at the period when the narrator has begun to fall in love with the daughter. The ghost then appeared from time to time disconcertingly during a house party in the country. This is a story in which the eerie essence tends to become lost in the excessive amount of charm which every one in this smart set, including the ghost, seems to possess. But at heart it is about a notion treated by other modern ghost story writers such as Kipling and Charles Williams, the transference of guilt.

The New Zealand scholar of Henry James, E. A. Sheppard, has called attention to the ghost's surname—Orme. He points out that Orme Square in Baywater had associations with Edmund Gurney, a founder member of the Society for Psychical Research, who committed suicide. Henry James once read a paper to the Society written by his brother when he was too ill to do so himself. Other founder members of the Society included classics dons at Trinity College, Cambridge, such as F. W. H. Myers, with whom Henry James had stayed in college as a guest. Perhaps James owed more to the Publications of the Society than he cared to admit? After all, the character Douglas (as he is exclusively known), the owner of the governess's manuscript in *The Turn of the Screw*, in a sense the onlie-begetter of the tale, was an undergraduate at Trinity when he met her and fell in love with her.

The formation of the Society did not have the effect of killing off the flow of invented ghost stories. On the contrary, both psychical research and fictional ghost-stories proliferated side by side for several decades, even if they no longer do so today. As Julia Briggs, in her excellent study, *Night Visitors: The Rise and Fall of the English Ghost Story* (Faber, 1977) explains:

The end of the nineteenth century represents the high-water mark of the form. Be-



Sleepless night—one of John Lawrence's illustrations for Susan Hill's ghost story "The Woman in Black"

tween 1850 and 1890 or so it achieved enormous popularity and was patronised not merely by hack journalists but by many of the major writers of the day.

Are there any common characteristics within this massive body of work? "The combination," writes Mrs Briggs, "of scepticism with nostalgia for an older, more supernatural system of beliefs provides the foundation of the ghost story..." The ghost story flourished in the period of Darwin and it continued to flourish in the period of Freud. It was a particular favourite of the English clergy. James claimed that he took the anecdote of *The Turn of the Screw* from no less a cleric than the Archbishop of Canterbury (Edward White Benson) and although this source has been challenged by some Jamesian scholars, certainly the Archbishop's gifted family of three surviving sons and the daughter all made up ghost stories and told them to each other.

M. R. James, another great exponent, was the son and brother of devout Anglican clergymen before becoming part of the Establishment himself as Provost of King's. He entertained his donnish and clerical friends by reading his stories to them at Christmas-time before they were published.

Another King's don A. N. L. Munby continued the tradition. Mr Haining prints his creepy story "A Christmas Ghost" in its pre-war golden age radio genre a lift by broad-casting ghost stories regularly. Both Miss Hill and Mr Haining

give us a good story by that radio virtuoso, Algernon Blackwood. Only in our own period has the ghostly flow dwindled to a trickle.

It is therefore brave of Susan Hill to have a go herself at writing an original full-length ghost story. *The Woman in Black* now published alongside her anthology, Miss Hill takes the view that such a tale should not merely contain a vague sense of supernatural horror, but must concern a dead person who returns to haunt the living. Her own story does just that, set in a timeless period before the war when the trains ran on time and mad old women who lived alone made mysterious wills. It evokes a crumbling mansion surrounded by marsh-land somewhere in the middle of rural England. Miss Hill follows the guide-lines laid down by her masters with great exactitude: a Christmas eve opening for a frame; one malevolent female ghost who appears to the narrator; an innocent abroad; a fledgling lawyer; and a child or two to add further turns to the screw.

If the result is pastiche, it is pastiche of a high order which obeys yet another golden rule of the ghost story, that it should entertain. As in all the finest specimens, the setting is a palpable presence with its swirling mists and treacherous fog. The appropriation to it by the author of two domestic animals, a terrier bitch, and a pony harnessed to a trap, would have earned full marks from the likes of Wilkie Collins and J. S. Le Fanu. I will say no more in case you have the good fortune to find the book among your presents.

enthusiastic praise of the morality of greenhouses: "How much better during the long and dreary winter for daughters and even sons to assist or attend their mother in a greenhouse than to be seated with her at cards or in the blubbering over a stupid novel or any other amusement that can possibly be conceived."

Ban the video, then, and get them weeding beneath the greenhouse-staging after Christmas lunch. Miss Scourse prints a splendid picture of Theresa Mary, grand-daughter of a Welsh gentleman, if you need to urge your family on. There she sits, her botanical press on her knees, her plain face carved plainly at nothing in particular. She had just read a paper on the leaves of the hairy Cardamine to a very learned Society.

Susan Campbell sets out to write a yearbook of the walled kitchen garden, but tends to break these narrow bounds and deviate into other matters. She, too, is gathering historical snippets, not modern, practical

advice, and sometimes produces a winner. Her entries for November show that we all failed to give the fruit trees what they needed last month. Masters of the kitchen garden advise a soaking of the roots of plums and apples with the "old piss of old men." I now see what we mean by an O.A.P.

Baron von Liebig, an early biochemist, was a clever man, and insisted that his recipe worked. The annual urine of two men, he claimed, would feed an acre of land. Mixed with ashes, it produced a fair crop of turnips.

Lastly, Richard Mabey has gathered up pieces he has written recently for magazines and linked them as a continuing statement of his love of the British landscape and his hopes and fears for its future. The past 25 years have seen a frightful carnage in the British countryside and any voice against it deserves a wide hearing. As magazine pieces, his items do not follow through, but they have a pleasant swing and they are very well meant.

Bards as pen pals

BY GAY FIRTH

Three Literary Friendships
by John Lehmann. Quartet Books, £8.95, 184 pages.

"I make at once the confession that this process has always deeply fascinated me." There is a degree of precious prose, and a lamentable absence of professional publishers' editing in John Lehmann's sensitive, interesting essays on friendship between Byron and Shelley, Rimbald and Verlaine, Robert Frost and Edward Thomas, seeking to show ways in which these poets influenced each other, in art as in life; sparking off some of the best in each other's literary gifts.

Curiously, there is no mention of the Wordsworth/Coleridge friendship: the most potentially productive, probably in poetry since the Romantic Revival. But Mr Lehmann has a subtle eye for noting stimuli in the associations he has chosen for us. Byron was already a literary lion, Shelley scarcely known outside his own bohemian circle, when they formed a friendship begun in Switzerland, cemented in Italy. But for Shelley's enthusiasm, Byron might never have finished *Don Juan*; but for Byron, Shelley's later work might miss the stamp of maturity and greatness.

Friendship between Rimbald and Verlaine produced melodrama as well as poetry: Verlaine was imprisoned for the attempted murder of his boy-lover, Thomas, a struggling journalist, was Frost's most valid critic; his own best poems were written in the two years before he was killed at Arras, urged on as much by Frost's "perceptive persuasion" as by intense awareness of the war.

It is all very speculative, of course, but Mr Lehmann's own perceptive persuasion carries us along the chain of cross-fertilisation in each of the three friendships, picking up literary causes and effects with skill undiminished by a few faulty connections: it is not obvious, for example, that Byron and Shelley "were eager to meet again" at Shelley's lodgings in Pisa; the capricious Byron required a lot of wheedling.

Trainer George

BY KATE MORRISON

A Classic Connection: The Friendship of the Earl of Derby and the Hon George Lambton 1893-1945
by Michael Seth-Smith. Secker & Warburg, £9.95, 184 pages.

In the days before UCCA, an aptitude and fondness for sport, especially the Turf at Newmarket, was often adequate for Cambridge admission, and so it was with the young George Lambton, commonly known as "The Honourable George." He was especially fortunate in his tutor who neither encouraged him in scholarly endeavour, nor discouraged his sporting instincts.

By the end of a brief spell at Cambridge (and Newmarket) he had decided upon his life's course, and providentially was invited by Edward Stanley (later to become the 17th Earl of Derby) to train for him and his father.

Society was consequently surprised at Lambton's marriage with Cicely Horner, for her roots were in art rather than the turf. Her mother had been a favourite model for Burne Jones, who frequented the Horners' home and Cicely, also a beauty, was painted by John Sargent. Her father was a scholar and historian. In spite of her background she capably managed the training of Lord

Derby's horses on the occasions of her husband's ill-health.

The book's chief interest is contained in the letters between Lord Derby and George Lambton. Perhaps age lends a distinction, for although not elegant the letters possess a courtly formality which would probably not be found in a similar practical correspondence today.

The author's text provides a plain background to this exchange; at times it is almost in diary form, galloping from one incident to the next. In June 1921 we commiserate with Lambton at his forlorn hope for the Derby. Six weeks and a paragraph later we learn the circumstances of Lady Randolph Churchill's death.

There were, we gather, many happy times for both owner and trainer of one of England's greatest training establishments. In 1923 Lord Derby headed the winning owners' list and his famous Swynford headed the list of winning stallions. In 1924 he achieved one of his life's ambitions with Sansovino's Derby victory.

The letters continued in spite of Lambton's dismissal in 1930, and other vicissitudes in their friendship until Lambton's death. Although the main theme of the letters is Lord Derby's bloodstock interests, a scholar and historian, in spite of her background she capably managed the training of Lord



Colourless green ideas

In "The Oxford Minidictionary of Quotations," just published, (£1.95), there is a quotation from Professor Noam Chomsky's "Syntactic Structures" (1957). It reads: "Colourless green ideas sleep furiously," and is quoted as "An example of a sentence which, though grammatically acceptable, is without meaning." For a first prize of £50, and several lesser prizes, you are invited to compose, but more than 100 words of prose, or 14 lines of verse, in which this sentence acquires a meaning.

Entries should be sent to the Literary Editor, Financial Times, Brecon House, 19 Cannon Street, London EC4A 3DF. The closing date is January 17. Results will be announced in the Financial Times on January 28.

Death in the village

BY BRIAN AGER

All the Pretty People
by Jack Scott Collins, £6.75, 193 pages.

The Black Seraphim
by Michael Gilbert. Hodder & Stoughton, £7.95, 223 pages.

The Woman they sent to FIGHT
by David Boggis. Macmillan, £6.95, 256 pages.

The Pretty people are pretty ghastly. They are the privileged young of well-to-do parents, playing at life in a picture-book village. Then a youth is found murdered there. Enter Detective Inspector Rosher, showing the clumsy defence he feels is due to respectable and wealthy members of the public. Rosher bumbles along in his

usual fashion, surprised at the respectability is stripped away from the murder victims' middle-class acquaintances.

Mr Scott's Detective-Inspector is an unlikely hero—a big shambling ex-boxer who is not above using a bit of excessive violence in the course of duty—but *All the Pretty People* can only add to his popularity.

A cathedral close might be regarded by the unknown as an idyllic island of peace in which to escape the twentieth century. Anyone with a little knowledge of church politics will more readily accept Michael Gilbert's view in *The Black Seraphim*—it is a tight closed community with its own political infighting and intrigues.

When one senior cleric is struck down there are plenty of suspects as the young patho-

logist, who is recovering from overwork at the choristers' school, soon discovers.

This urbane, elegant, penned mystery story is alive with delightful characters. Most notable is the Dean. A vigorous ex-missionary, with a subtle brain to back up a simple sense of right and wrong, he crosses swords with the police when they try to invade the close.

David Boggis has been described as a budding Ian Fleming or John Gardner.

His latest yarn has plenty of action and violence, plus a dash of sex. It starts with a frenetic car chase and ends with murderous air-combat.

Boggis charts the campaign of a women's guerrilla army—FIGHT. Its members are some of the most frightening females ever to adorn the pages of a thriller.

Up the Victorian garden-path

BY ROBIN LANE FOX

The Victorians and their Flowers
by Nicolette Scourse. Croom Helm, £10.95, 266 pages.

Secrets of the Walled Garden
by Susan Campbell. Century, £7.95, 128 pages.

In a Green Shade
by Richard Mabey. Hutchinson, £7.95, 186 pages.

"Sometimes the ground is frozen up," runs the entry for December in Susan Campbell's interesting year-book, "at other times there are hard rains and thick, stinking fogs which render it very uncomfortable stirring abroad..." There will be hosts of toads tomorrow. These three take the mind on different journeys of which the best, though not the funniest, is Nicolette Scourse's.

Her pleasant book on the Victorians has some promising chapter titles — "Sentiment", "Morality" — and some well-

chosen snippets from 19th century books. She changed tack quite often and her themes are rather compressed, but I liked her tour of the landscape and enjoyed her choice quotations.

Victorians loved the curious and minutely detailed plant, the greenhouse rarity, the orchid, the water lily and above all, the fern. They prized amateur botany and multiplied their field clubs. Their foreign collectors were intrepid: this book is good on the insects which molested them and the daily range of bites which attended explorations.

Leeches bit everybody and after a day in the field, a great Victorian botanist like Hooker "dreaming with blood, infested with ticks and mottled with the bites of gnats" and so forth. At home, botany was much easier. Ruskin advised the young to ignore the facts of plant reproduction because they were obscene processes. Apathies and botany-albums diverted the young ladies, while Cobbett burst into an

enthusiastic praise of the morality of greenhouses:

"How much better during the long and dreary winter for daughters and even sons to assist or attend their mother in a greenhouse than to be seated with her at cards or in the blubbering over a stupid novel or any other amusement that can possibly be conceived."

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Policeman's lot

BY JAMES FRENCH

McNee's Law
by Sir David McNee. Collins, £9.95, 256 pages.

Sir David McNee spent 164 years as a constable before promotion to detective-sergeant. It was about another seven years before his career really took off. McNee's Law is a bit like that, run of the beat stuff until near the end, when he delivers a few weighty opinions that will provoke thought and debate.

The man who retired as Commissioner of the Metropolitan Police in 1982 was a Glasgow tenement boy, a railwayman's son, keen on the Boys' Brigade, football, and his religion. In his job he was an industrious stopper centre-half, not a brilliant maker or taker of goals.

In his five and a half years with the Met came the Southall and Brixton riots, the Grunwick dispute, the Iranian Embassy siege—all with strong elements of politics and race as the focus of the Operation Community initiative into police corruption, and Fagan's invasion of the Queen's bedroom.

McNee confesses that the Fagan episode was the low

point of his career. It came in the six months extra Home Secretary William Whitelaw had persuaded him to serve to smooth the succession.

For once Sir David admits to anger when Sir Brian Cribben, Home Office Permanent Secretary, suggested he should resign without the knowledge of Whitelaw (whose head was also being hauled for).

McNee stood his ground. Had not his own suggestions on improving Palace security been spurned by the Royal Household, the Home Office, and the Department of the Environment? Should he pay the price for the negligence of two or three junior policemen? He was disappointed by a Whitelaw Parliamentary statement, but cheered by Prime Minister Margaret Thatcher's remark that you do not sack a general because a squire has been caught asleep.

There is a fascinating vignette about the violent anti-National Front demonstration in Lewisham in 1977. A priest came to see him beforehand, berating the National Front but saying missiles were being stored for the day. When asked where he blustered. Finally, he said he would be away in



Sir David McNee: from constable on the beat to Commissioner of the Metropolitan Police.

Spain on the day. McNee asked him if he was not acting like Pontius Pilate.

If a police chief wrote a sensational book, it could well indicate that there were a lot of things he did not do or say in office that he should have done. About the limit of Sir David's indiscretions are indications that he and Whitelaw

did not always agree, and condemnation of the way some senior officers behaved in conducting the expensive Countryman exercise which brought about the prosecution of eight policemen, none of whom was convicted. He approves of Merlyn Rees; neither Sir Horace Cutler nor Ken Livingstone wins his vote.

FINANCIAL TIMES CONFERENCES

The following is a list of conferences being arranged by the Financial Times for 1984:

AEROSPACE IN ASIA AND THE PACIFIC BASIN

Singapore, 16 & 17 January

THE CITY AND EUROPE—A TEN YEAR APPRAISAL

London, 27 & 28 February

CABLE TELEVISION & SATELLITE BROADCASTING

London, 28 & 29 February

AUTOPARTAC 84 SEMINAR: WORLD AUTOMOTIVE AFTERMARKET

London, 5 March

THE EUROMARKETS IN 1984

London, 6 & 7 March

PENSIONS IN 1984—A TIME FOR CHANGE

London, 12 & 13 March

TOOLS FOR COMPETITION: TOMORROW'S FACTORY TODAY

London, 27 & 28 March

MULTINATIONALS & EUROPEAN INTEGRATION

London, 5 & 6 April

EUROPEAN BANKING

Milan, 11 & 12 April

THE FINANCIAL TIMES WORLD GOLD CONFERENCE

Hong Kong, 3 & 4 May

SITEV—FINANCIAL TIMES WORLD MOTOR CONFERENCE

Geneva, 23 & 24 May

All enquiries should be addressed to:

The Financial Times Limited

Conference Organisation

Minster House, Arthur Street

London EC4R 9AX

Tel: 01-621 1355 (24-hour answering service)

Telex: 27347 FTCONF G Cables: FINCONF LONDON

FOREIGN EXCHANGES

Dollar eases

The dollar lost ground against most currencies yesterday on light profit taking and position squaring ahead of the Christmas break. Trading was extremely quiet and featureless which tended to exaggerate currency movements. The dollar closed at DM 2.7570 against the D-mark down from DM 2.7675 and SwFr 2.1955 compared with SwFr 2.2100. It was also lower against the Japanese yen at ¥233.70 compared with ¥233.80 and Ffr 4.4375 compared with Ffr 4.4500. On the Bank of England's figures, the dollar's trade-weighted index finished at 130.3 from 130.5 on Thursday. Sterling benefited from the dollar's weakness to close at

£1.4320-1.4340, a rise of 55 points. The wide spread on the closing quotation reflected the very thin trading. Sterling opened at £1.4300-1.4310 and touched a best level of £1.4350 during the day although there was probably little business seen at this level. Its trade-weighted index closed

£ in New York—Latest

Dec. 23	Previous
Spot	£1.4315-1.4330
1 month	£1.4310-1.4320
3 months	£1.4305-1.4315
12 months	£1.4295-1.4305

£ forward rates are quoted in U.S. cents discount.

OTHER CURRENCIES

Dec. 23	£	U.S.	Notes Rates
Argentina Peso	31.80-31.90	22.366-22.386	
Australia Dollar	1.5975-1.5985	1.1085-1.1100	
Brazil Cruzeiro	1.580-1.585	958-972	
France Franc	6.5590-6.5600	5.710-5.715	
Germany Mark	1.4180-1.4190	98.76-98.75	
Hong Kong Dollar	1.125-1.126	7.75-7.760	
India Rupee	125.75	80.50	
Italy Lira	203.40-203.50	344.33-344.33	
Japan Yen	233.70-233.80	111.11-111.11	
Kenya Shilling	1.25-1.26	111.11-111.11	
Malaysia Ringgit	1.5800-1.5810	1.5800-1.5810	
Malta Lira	1.25-1.26	111.11-111.11	
New Zealand Dollar	1.25-1.26	111.11-111.11	
Saudi Arab. Riyal	1.25-1.26	111.11-111.11	
Singapore Dollar	1.25-1.26	111.11-111.11	
South African Rand	1.25-1.26	111.11-111.11	
U.S. Dollar	1.25-1.26	111.11-111.11	

EXCHANGE CROSS RATES

Dec. 23	£	U.S.	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.0000	1.4330	3.9500	353.00	16.3500	1.4330	3.9500	353.00	1.4330	3.9500
U.S. Dollar	0.6980	1.0000	3.7570	262.70	12.4000	0.6980	3.7570	262.70	0.6980	3.7570
Deutsche Mark	0.2530	0.2630	1.0000	94.81	6.5590	0.2530	0.2630	94.81	0.2530	6.5590
Japanese Yen	2.8550	4.2780	11.70	100.00	163.20	2.8550	4.2780	11.70	2.8550	163.20
French Franc	0.1520	0.1530	0.1530	277.20	1.0000	0.1520	0.1530	277.20	0.1520	1.0000
Swiss Franc	0.3180	0.4550	1.8550	105.50	1.4330	1.0000	0.3180	0.4550	1.8550	105.50
Dutch Guild	0.2820	0.3220	0.8990	75.37	2.7190	0.2820	0.3220	75.37	0.2820	2.7190
Italian Lira	0.4170	0.5970	1.8440	126.30	0.5050	0.4170	0.5970	1.8440	0.4170	1.8440
Canadian Dollar	0.6810	0.8030	2.9140	187.80	6.7740	0.6810	0.8030	2.9140	0.6810	2.9140
Belgian Franc	1.2400	1.7770	4.8980	415.40	14.9900	1.2400	1.7770	4.8980	1.2400	4.8980

MONEY MARKETS

Revised shortage

Day to day credit was in short supply in the London money market yesterday. The Bank of England forecast a shortage of around £50m although this was later revised to £100m. Factors affecting the market included maturing assistance and a take up of Treasury bills together drawing £25m and Exchequer transactions a further £120m. There was also a rise in the note circulation of £10m. These were partly offset by bank balances brought forward above target by £50m. The Bank of England invited early tenders for assistance and

UK clearing banks' base lending rate 5 per cent (since October 4 and 5)

gave an initial round of help of £25m. This comprised purchases of £1m of eligible bank bills in hand 1 up to 14 days at 9 1/2 per cent and £24m in hand 15-33 days at 8 1/2 per cent. In hand 3 (34-63 days) it bought £10m of eligible bank bills at 8 1/2 per cent and in hand 4 (64-91 days) £120m at 8 1/2 per cent. The forecast was then revised to £450m before taking into account the earlier help and the Bank gave further help of £14m. This comprised purchases of £5m Treasury bills and £9m of eligible bank bills in hand 1 at 9 1/2 per cent and £5m of local

LONDON MONEY RATES

Dec. 23	Sterling	Interbank	Local Authority	Company	Market	Treasury	Treasury	Eligible	Eligible	Prime
Overnight	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
2 days notice	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
7 days or 14 days notice	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
One month	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Three months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Six months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Nine months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
One year	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2

DISCOUNT HOUSES DEPOSIT AND BILL RATE

Dec. 23	Sterling	Interbank	Local Authority	Company	Market	Treasury	Treasury	Eligible	Eligible	Prime
Overnight	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
2 days notice	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
7 days or 14 days notice	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
One month	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Three months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Six months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Nine months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
One year	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2

FT LONDON INTERBANK FIXING

Dec. 23	Sterling	Interbank	Local Authority	Company	Market	Treasury	Treasury	Eligible	Eligible	Prime
Overnight	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
2 days notice	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
7 days or 14 days notice	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
One month	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Three months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Six months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
Nine months	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2
One year	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2	9 1/2

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Change on week	1983	
			High	Low
METALS				
Aluminum	\$1080	-	\$810.819	\$1050
Aluminum Markets c.i.f. 1510	\$1800.1510	-	\$810.819	\$1050
Antimony	-	-	-	\$810.102
Free Market 98.5%	\$2500.980	+50	\$125.126	\$250.260
5 months 98.5% High Grade	\$1004.75	-25	\$894.75	\$1100.100
5 months D. D.	\$1004.75	+13.25	\$894.75	\$1177.25
Cash Cathodes	\$599.75	+10.75	\$499.75	\$1116.5
5 months 98.5% High Grade	\$1004.75	+10.25	\$894.75	\$1100.100
Lead Cash	\$580.185	+6.25	\$443.5	\$508.6
Lead Cash	\$429.75	+7.25	\$343.5	\$421.6
Nickel	\$449.15	-	\$399.25	\$421.6
Free Markets c.i.f. 15	\$205.25	-	\$160.153	\$493.8
Platinum	\$270.00	+5.5	-	\$255.26
Palladium (75 lbs)	\$303.319	-2	\$238.96	\$244.60
Silver per oz.	\$31.45	-	\$350.360	\$454.25
in cash	\$31.45	-	\$350.360	\$454.25
in months	\$31.45	-	\$350.360	\$454.25
Unsettled	\$31.45	-	\$350.360	\$454.25
Volfram 22.04 lb.	\$74.70	-1.58	\$100.80	\$92.25
in cash	\$74.70	-1.58	\$100.80	\$92.25
in months	\$74.70	-1.58	\$100.80	\$92.25
Unsettled	\$74.70	-1.58	\$100.80	\$92.25
Zinc cash	\$1617.25	+5.75	\$1422.75	\$1525.125
products	\$980	-30	\$800	\$980
GRAINS				
Wheat Futures	\$122.45	-0.55	\$114.40	\$134.35
Maize French	\$146.00	-	\$144.50	\$151.00
Maize Low	\$146.00	-	\$144.50	\$151.00
MEATS				
Pigs Winter Wholes	\$128.50y	-0.75	\$130.85	\$118.85
Cloves	\$128.50y	-0.75	\$130.85	\$118.85
black	\$128.50y	-0.75	\$130.85	\$118.85
HLB	\$1025w	-	\$500	\$490.00
Groundnut 52	\$1025w	-	\$500	\$490.00
Unass. Crude	\$71.52	-	\$308	\$255.50
Uglin Maltary	\$71.52	-	\$308	\$255.50
REBR	\$670w	-	\$375	\$4725
Copra Philippines	\$362w	-	\$695	\$395
Soybeans (U.S.)	\$362w	-	\$695	\$395
OTHER COMMODITIES				
Cocoa Shipments	\$22.014	-68	\$22.014	\$21.87
Coffee Shipments	\$1.947	-73.5	\$1.947	\$1.108
Coffee Futures Mar.	\$1.947	-73.5	\$1.947	\$1.108
Gas Oil	\$90.05	-0.55	\$90.05	\$92.35
Gas Oil Fut. Jan.	\$94.8	-7.25	\$94.8	\$92.35
Suez LJA BWU grade	\$94.8	-7.25	\$94.8	\$92.35
Super Grade	\$94.8	-7.25	\$94.8	\$92.35
Sugar Pearl	\$235w	-	\$235	\$245
Sisal No. 3L	\$126.5y	-7.15	\$126.5	\$125
Super Grade	\$126.5y	-7.15	\$126.5	\$125
Tapicono No. 1	\$126.5y	-7.15	\$126.5	\$125
Tea quality	\$126.5y	-7.15	\$126.5	\$125
Wooltops 64 Wap.	\$126.5y	-7.15	\$126.5	\$125
Wooltops 64 Wap.	\$126.5y	-7.15	\$126.5	\$125

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هذه امنه الأصل

Swiss lift bond issue ceiling

By Peter Montagnon, *European Correspondent*

FOREIGN borrowers will be allowed to raise up to SwFr 200m in one go on the Swiss public bond market from January 1 following steps taken yesterday by the Swiss National Bank to liberalise its rules on capital exports.

Currently each single issue on the Swiss public market is limited to SwFr 100m with the exception of dual currency bonds. Under the new regulations these will also be subject to a ceiling of SwFr 200m so that they will receive equal treatment with conventional issues.

At the same time the Swiss National Bank has announced that it is dropping its confidential calendar of new public issues, although banks will still have to seek approval for the issue of bonds for foreigners.

Bankers in Zurich say the new measures are not regarded as significant in monetary policy terms, but simply follow the National Bank's long-stated policy of liberalising the capital markets. Higher amounts on public bond issues are not expected to lead to a sharp pick-up in capital exports as the public bond market plays a much smaller role than the private placement market.

From January banks will have much more flexibility in arranging foreign issues in the public market, but the domestic bond market has also already been freed of much of its regulation without any notable crowding-out.

Foreign banks will still not be able to lead or co-manage issues in the public bond market. It is understood that this restriction is being kept in place because of uncertainties over the depth of their placing power.

Morgan Stanley sets the pace for modern financiers

BY DAVID LASCELLES

"WE WANT to be more like a Wall Street-style investment bank." Hardly a week passes in London without some City institution proclaiming this as its goal while mergers and alliances between merchant banks, stockbrokers and jobbers proliferate.

That sounds very grand. But what does it mean? On the face of it, London merchant banks and Wall Street investment banks look very similar. They handle the complex financial needs of big corporate clients, manage funds, deal in markets and arrange mergers and acquisitions.

Much of what Goldman Sachs or Lehman do in New York mirrors what Warburgs or Schroders do in London. But they spring from different traditions.

UK merchant banks were originally lenders of money, and through all of them have diversified, these banking origins still show through. The Wall Street firms, by contrast, are forbidden by law to lend money or take deposits, so the accent is much more on raising capital in the financial markets—and therefore on dealing in the markets.

There is no typical Wall Street investment bank. Because New York does not distinguish sharply between roles performed in London by merchant banks, stockbrokers, discount houses and jobbers, an investment bank can be any or all of these things—increasingly all.

Morgan Stanley, one of Wall Street's largest, is an example of how an investment bank has "rounded out" in a way to which UK merchant banks seem to aspire. It also seems to be the model that S. G. Warburg had in mind when it recently bought a 540m (\$57.3m) stake in Akroyd and Smithers, the largest market-maker on the London stock exchange. Widely considered the most prestigious of the investment banks, though possibly the most arrogant of the merchant banks, Morgan counts virtually all the U.S. blue chip companies among its clients, as well as many

governments, including the UK. Ten years ago, it was a "one wing" firm based largely on corporate finance: arranging deals and underwriting capital-raising efforts for companies. It employed 250 people and had a capital of \$7.5m. Today, after a decade of spectacular expansion, it has developed a worldwide trading operation; it employs 2,500 people and has capital of \$300m.

A good deal of the impetus came from mounting competition from aggressive rivals like Salomon Brothers (best-known for its trading skills) and First Boston, which is equally strong on corporate finance and trading. But according to Mr Lewis Bernard, a managing director, Morgan Stanley also took the view that it could do a better job of underwriting clients' issues and handling their increasingly complex needs if it dealt directly in the financial markets rather than through somebody else.

"If you are going to raise capital, you have to be able to deal in it and manage it too. You can't rely on the placing power of others."

Once having got into the markets, the firm quickly found them interconnected, and before long it was dealing not just in bonds and equities, but also in government securities, Euro-markets, money markets, precious metals, foreign exchange, mortgage-backed securities, the latest boom business. And, for both hedging and speculation, financial futures.

This entailed boosting offices overseas. The London staff is now 250, as many as the entire staff in 1971, and will double in size in the next couple of years. So will Tokyo.

Mr Parker Gilbert, the Morgan Stanley chairman, said: "The firms that succeed will be those that can deal in the world's capital markets. For example, we can serve a Japanese client who wants to sell DM securities to raise dollars to buy U.S. securities."

But Morgan also found that almost 25 per cent of Wattle's already in their possession the offer is effectively for the outstanding 40 per cent.

Goodman's first half net profit, announced this month, jumped 43 per cent to £188.5m with Wattle making a substantial contribution to this. Wattle, whose canned goods are sold in supermarkets in Britain and around the world, increased its group sales this year to £255.73m. Most of New Zealand's major food firms now come under the Wattle-General Foods of New Zealand banner.

Wattle yesterday was hurriedly recalling its directors from their summer holidays. According to Mr John Haworth, its managing director, the NZFP move had come "at an awkward time." Mr Lyd Pappas, of NZFP, said the bid was in the best interest of both companies.

The NZFP offer is for four of its shares plus NZ\$1 in cash for each of Wattle's 80.3m issued ordinary shares. This places a value of NZ\$5.58 on each share, higher than the NZ\$5.05 closing price for the company on Thursday. In addition NZFP are offering a mixture of ordinary shares and cash for the 22.5m preference shares issued. In total the bid values Wattle at around NZ\$560m.

NZFP have announced, that they are only bidding for that part of Wattle not controlled by Goodman-Wattle and Goodman have a 35 per cent cross-holding in each other. With

going into dealing also meant more than setting up shop. Mr Bernard said: "You are going into a risk business. You have to change the whole psyche of the firm."

Mr Bernard also believes that the key to handling risk—by having a strong capital base, but by knowing how to lay off risk. This, he says, means having good "distribution" power: knowing how and where to sell the securities that you take on, and having a sales force with the right institutional contacts.

Of developments in London, Mr Bernard said: "Who captures the distribution system? That's vital. I don't think the London merchant banks have good enough distribution, so they have trouble competing for the big deals."

Capital is a concern for Morgan Stanley, of course. It has to abide by a statutory minimum. But it has been able to boost its capital entirely through retained earnings (it is

privately-held corporation). It has also resisted making major acquisitions or engaging in joint ventures, believing it best to keep everything "in house." And the firm hopes to keep it that way. "Going public is not something we have under constant consideration," said Mr Gilbert.

Today, Morgan earns the majority of its revenue from trading. Many would say this is the hallmark of a Wall Street investment firm: it makes more money by taking positions in the market than by lending to or arranging takeovers for corporate clients.

Whether UK merchant banks—many of whom are already big traders—go that far remains to be seen. Most have diversified more than Morgan Stanley—into insurance and shipping for example, and lending is important. But the ability to deal in markets in an international scale seems increasingly to be the distinguishing mark of the merchant banking first league.

Bid for control of New Zealand food group

BY OUR FINANCIAL STAFF

NEW ZEALAND FOREST Products (NZFP), the country's second largest company, yesterday threw a large spanner into the works of New Zealand's long Christmas and New Year corporate break by announcing a NZ\$560m (U.S.\$360m) bid for control of Wattle, the major food company.

NZFP made their announcement the day after the stock market closed for its almost three-week summer break. Earlier this week it snatched 24.9 per cent of Wattle in a dawn raid. At the time the move

was seen as primarily defensive—for Wattle had, in alliance with yellow food major Goodman, taken a similar stake in the forest products group in late November.

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Isuzu Motor reports pre-tax loss of Y2.1bn

BY OUR TOKYO STAFF

ISUZU MOTOR, Japan's second largest truck manufacturer, in which General Motors has a 44.2 per cent stake, has announced a pre-tax loss of Y2.1bn (88m) in the year ended October 31, 1983, from the previous year's Y8.6bn profit.

Net profits were Y5.3bn, down by 11.4 per cent, on sales of Y684bn, down by 4.8 per cent. Unit sales fell by 11 per cent to 377,000 vehicles, affected by a steep fall in truck sales—particularly in small

truck exports to the U.S.—as well as passenger car exports.

The company has begun to reinforce its passenger car production in line with GM's global strategy. It has been marketing its Asuka compact cars in the domestic market since the spring of 1983. It plans to supply "R" cars to GM next year.

As a result the company has increased capital investment by 50 per cent to around Y45bn and plans to invest Y60bn next year.

C. Itoh earnings recover

By Yoko Shibata in Tokyo

C. ITOH, the major Japanese trading house, reports dramatic recovery in earnings for the first half of this year.

Against Y145m net profit for the six months ended September 1983, sales for the half were 3.1 per cent ahead at Y6,486bn.

The recovery in earnings was helped significantly by profit made on investments and sale of securities. The company showed a Y3.6bn gain on disposal of investments and a Y2.2bn loss a year earlier.

For the whole of this year the company projects net earnings of around Y2bn against Y3.7bn in 1982; sales totalling Y13,100bn.

This year sales have improved from domestic transactions for food and agricultural products and from of shore trading, including oil transactions.

Suez group to take stake in Greficomex

By David Marsh in Paris

COMPAGNIE Financière de Suez, the French state-owned financial and industrial conglomerate, plans to expand its foreign trade financing activities by taking a 20 per cent stake in Greficomex, a specialist Paris-based company.

The participation, to be realised through subscription to a capital increase, will give the group's Suez International a stake in a company with particular speciality in competition or barter trade.

AUTHORISED UNIT TRUSTS

Abbey Unit Tr. Mgrs. (a)			
1.3 St Paul's Churchyard, EC4P 4AP			
High Income			
High Growth	115.7	122.4	0.1
High Int. Equity	115.7	95.2	0.1
High Div. Yield	115.7	95.2	0.1
American Growth	115.7	117.4	0.1
American Income	115.7	117.4	0.1
Capital Growth	115.7	117.4	0.1
Commodity & Emg.	115.7	117.4	0.1
General	115.7	117.4	0.1
UK Growth	115.7	117.4	0.1
UK Income	115.7	117.4	0.1
Worldwide	115.7	117.4	0.1
Worldwide Bond	115.7	147.4	0.1
Worldwide Div.	115.7	117.4	0.1
Worldwide Int.	115.7	117.4	0.1
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Whittingham Property

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LONDON 01-491 1438

MINES—continued

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Tins

159	83	Genivar	1.72	27.0	-	-
18	10	Gold & Base 12cp	10 ¹	-	-	-
435	20	Gopeng Conc	396	42.0	1.4	1.4
25	13	Harau	27	22.0	0.7	0.7
21	13	Jamir 12cp	16	1.5	-	-
270	10	Kamunting S.Mg. 50c	209	26.2	0.9	0.9
96	56	Malaysia Ming. 10c	69	101.2	0.9	0.9
57	28	Pahang	46	8	-	-
500	325	Pengkalang 1.0c	508	1.0	0	0
25	10	Pestang	10	42.30c	0	0
250	185	Sungei Bui 1st	236	20.85c	1.1	1.1
55	40	Supreme Conc MSL	50	24.2	0.1	0.1
250	93	Tanjong 1.0c	130	93.5	-	-
145	60	Wingauk 1. Tin S&I	239	135	1.6	1.6
300	190	Tromoh S&I	258	49.96	1.10	1.10

170	18	Admiral Mines....	20	-1-1-
90	34	Apple-Dominion	62		

93	53	Wangio Univ. Dev.	53
400	180	Centennial Minerals	240
172	60	WCoby Res Corp.	110
825	315	Cresc. Murch. 10c	825
217	105	Eaton Iron Cos 50c	117
125	105	Harrison Res 10c	117
125	105	Hawgood Res 10c	167
124	217	Hemlock Mills 1st	120
495	275	Norridge C&SI	335
162	437	R.T.Z.	590
1147	1108	S&S Oil & Gas 30c	1130
190	360	WSabine Inds C.S.I.	67
765	312	WTara Expt 50c	76

NOTES

Unless otherwise indicated, prices and cash dividends are in gross U.S. dollars. All information is as of 6/30. Estimated overrecovery ratios and gross profit percentages are based on latest annual reports and accounts and, where possible, are updated on half-yearly flows. P/E's are calculated on "mean distribution basis," earnings per share being computed on profit after taxation and unreleased APLs where applicable; bracketed figures indicate the ratio of price to difference between mean and maximum distributions. Dividends are based on "maximum" distributions. The above compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but, including estimated extent of other non-recurring items. Viables are based on middle prices, are gross, adjusted to APL 30 per cent and allow for three per cent of declared distribution and rights issues.

* High cost Lines marked thus have been adjusted to allow for right issues

† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.

- ✶ Principal and interest to-free to non-residents on application
- ✶ Figures or report awaited.
- ✶ Not officially U.K. Listed; dealings permitted under Rule 163(4)(a)
- ✶ Unlisted on Stock Exchange and Company not subject to any degree of regulation as listed securities.
- ✶ Death in order Rule 163(3).
- ✶ Price at time of suspension.
- ✶ Issued by dividend or pending some order or rights issue: one relates to previous dividend to largest.
- ✶ Merger bid or reorganisation in progress.
- ✶ Not comparable.
- ✶ Same interest: reduced final and/or reduced earnings indicated.
- ✶ Dividend: cover on shares updated by latest interim statement.
- ✶ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividend.
- ✶ Cover does not allow for shares which may also rank for dividend

B.F. Belgian France, Fr. French France, 66 Yield based on
Assessment Tuesday Bill Rate above uncorrected until maturity of crop

[illegible]

1983-84. G Assumed dividend and yield after perding scrip and rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. M Earnings based on estimates - not official.

REGIONAL AND IRISH STOCKS

quoted in Irish currency.

Albany Int. 200	72	-1	Fin. 13% 97.00	295.4	+1
Bq. wtr. E. 50	315		Aluminum Gas	75	
Cable & Rose C.	900nd		Arrest	212	
Franklin Pkg. Sp	41		Carroll (P.J.)	111	
Higgins Brew	83		Concrete Prod.	89	
Walt (Jos.) 250	898		Hall (R. & H.)	57	
I.O.M. Sum. C.	130		Heath (Hides.)	13	+1
			Irish Ropes	35	
			Jacob	60	
			J.M.E.	65	
IRISH					
Earth 120-1885	1,000				

Net % 84.89	189	Undare	60
-------------	-----	--------	----

OPTIONS					
3-month Call Rates					
Industrials		House of Fraser		Vickers	
Allego Lyons	33	I.C.I.	12	Woolworth Hld.	35
BGC Grp	12	"Imp	12		
B.S.R.	18	I.C.L.	12	Property	
Babcock	18	Landrover	23	Grk. Land	9
Bardays Bank	45	Legal & Gen.	42	Cop. Counties	35
Beecham	12	Long	23	Land Soc.	24
Blue Circle	28	Lloyds Bank	3	MEPC	24
Black & White	12	"Labs	3		
Bovis	17				

Howtowers.....	22	London Brick.....	10	Reaumur.....	27
Br.Z. Aerospace.....	19	Lucas Inds.....	16	Samuel Props.....	12
B.A.T.....	14	"Mars".....	12	Sterling Guitr.....	4

[illegible]

B. K. N.	26	Turner & Newall	8	Longho	8
Hawker Sidd	32	Underw	75	Rio T. Zinc	58

"Recent issues" and "Rights" Page 20

MAN IN THE NEWS

Olivetti's fast driver

BY ALAN FRIEDMAN

"I LIKE very much to drive sports cars and to drive them fast. I also like to drive a fast company."

And that is precisely what Sig. Carlo De Benedetti, chairman of Olivetti, has been doing this week and over the last five years. If Olivetti were a sports car it would almost certainly be a Ferrari. Sig. De Benedetti's favourite means of transport.

When the 49-year-old, polytechnic-trained De Benedetti joined Olivetti in 1978, the company was struggling and



Carlo De Benedetti

debt-laden, with three-quarters of its revenue from rather humdrum office equipment, namely the mechanical typewriter. Now it derives 70 per cent of its revenue from data processing systems. The company in 1979 had a negative book value of £20bn (£82m) and was losing £10bn a month.

This week De Benedetti walked proudly into the ballroom of Rome's Excelsior Hotel, surrounded by dozens of flashbulb-wielding paparazzi, and told the world that American Telephone and Telegraph was paying \$240m to buy 25 per cent of Olivetti as part of an industrial alliance designed to take on IBM "on a world level."

Since Wednesday's announcement, De Benedetti has been reeking an endless stream of plaudits from Government ministers, Wall Street analysts and even L'Unita, the Communist Party daily. If before the AT & T deal he was already regarded as one of Italy's most prominent businessmen, he is now being feted with superlative praise.

Nonetheless, Carlo De Benedetti deserves attention. Born into a prosperous Jewish family in Piedmont which lost everything under the Nazis, he has gone from one corporate success to another. He started at the age of 24 and built his father's metal hose company into a publicly quoted engineering and automotive components company which was bought by Fiat in 1974.

Then came one of two hiccups in De Benedetti's otherwise steady rise to fortune (the other being an abortive 65 days as vice chairman of Italcero Ambrosiano). He joined Fiat in 1976 with a 5 per cent shareholding, became chief executive and left following quarrels about style and policy after only three months. The patriarch Fiat-owned Agnelli family was not ready for his abrasive management approach.

De Benedetti ("a brilliant but not a tender man"), according to one ex-colleague, went on to start from scratch again. He bought a tanning company called CIR and in two years doubled turnover and increased staff from 500 to 3,000. Ever restless for something bigger to conquer, he accepted an offer to buy effective control of Olivetti in 1978 and to run the troubled company.

He plunged into Olivetti's many problems, shipping a 10 per cent price increase on products, cutting back debt through a recapitalisation, making six share issues in five years, laying off 20,000 workers and pushing the group's pioneering electronic typewriter. The figures now speak for themselves: Last year Olivetti made a net profit of £1,031m (£61m) on turnover of £3,341m (£1.9bn) and this year De Benedetti says it will have record profits on turnover of around £3,600m (£2.1bn).

The deal with AT & T which allows the American telecommunications giant to raise its stake to 40 per cent in four years, marks a dramatic climax in Olivetti's rise as a world-class data processing equipment group. IBM, according to De Benedetti, is "enemy number one" and the two groups plan to co-operate closely in an attempt to dominate the office automation market.

Acas bid to avert shipyard strike

BY DAVID GOODHART AND MARK MEREDITH

BRITISH SHIPBUILDERS is expected to meet Acas, the conciliation service, next week in a final attempt to avert the national shipbuilding strike called for January 6. Officials of the Confederation of Shipbuilding and Engineering Unions have already agreed to meet Acas.

However, there is slim hope that the talks will lead to a resolution despite the first sign yesterday of wavering support for the strike when workers at the small Henry Robb shipyard at Leith in Edinburgh voted against it.

All other yards so far have backed the strike which was

called after a BS productivity deal was rejected. Members of the biggest union, the General, Municipal and Boilermakers, supported the call in a ballot by three to two. However, white-collar staff at several yards rejected the strike call.

Most of the 340 workers at Henry Robb attended the meeting yesterday. Mr John Kegg, the union convener, said industrial action would have provided an ideal opportunity for BS to close the yard. But the yard has completed its last order and is expected to face closure anyway, so the vote against may have reflected the workers' anxieties about forfeit-

ing redundancy pay. The unions at national level are evidently keen to avert the strike and believe they have several allies on the BS board who have been arguing for a softer line on the productivity deal.

Mr Alex Ferry, general secretary of the CSEU, has taken steps to ensure he can contact the executive members of the 13 unions in the confederation if there are developments over the holiday period.

Mr David Bassett, general secretary of the GMB, said yesterday that the taxpayer could end up paying at least £40m to support up to 20,000

workers and their families if the Government did not intervene in the Scott-Lithgow crisis.

The yard, on the lower Clyde, faces almost certain closure after the loss of an \$88m contract from Britoil for a semi-submersible drilling rig which was two years behind schedule.

Mr Bassett said: "The Government cannot just walk away from a dispute between British Shipbuilders (100 per cent state-owned) and Britoil (48 per cent state-owned). If they do the taxpayer will have to pick up a bill for at least £40m."

S. Africa to lift curbs on many imports

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICA is to abolish import controls on a wide range of products and simplify its import permit system from January 1. Dr David de Villiers, the Minister of Industries and Commerce, said yesterday.

The relaxations are aimed at improving competitiveness among local industries, many of which operate as Government-sanctioned monopolies and cartels.

The authorities are anxious to use every possible tactic to bring down South Africa's inflation rate, currently around 11 per cent. Dr de Villiers said that "the cost structure of the industrial sector has an effect on the country's overall cost structure and could adversely affect its export competitiveness."

Pressure from the International Monetary Fund and the Gatt probably has also contributed to the decision to ease controls.

The 90 categories of products which will be freed from all restrictions include pesticides, pharmaceuticals, kitchenware, toys, games, leather goods, furniture and hand tools. Up to now, permits for these items have been granted to meet importers' "full, reasonable requirements."

The Government announced earlier this month that controls on farm implements, cement and fertiliser will also be scrapped on January 1 and that restrictions on textile imports will be gradually phased out.

Items still on the restricted list include polymers and other chemicals, clothing, footwear and foodstuffs. According to Dr de Villiers, remaining import curbs are being "systematically reviewed with the purpose of lifting controls in those cases where it becomes possible."

South Africa's import control regulations will in future include only two categories, a "free" list and a residual group of products still subject to permits. An official of the Directorate of Import Control said yesterday that permits will be granted to meet full, reasonable requirements, although this wording will no longer appear in the regulations. A third category for which permits have up to now been issued only for

individual shipments — for example, clothing — will fall away.

The Government's softening policy towards imports has been strongly criticised by local companies which established import replacement industries under the impression that they would be "tightly" protected against competition.

The chemical, clothing, cement, domestic appliances and paper industries are among those which have complained recently about inadequate protection.

Nedbank, Barclays and Standard Bank said they were raising their prime rates to a record-equaling 20 per cent from 19.5 per cent, Reuter reports from Johannesburg. Pretoria conscription, Page 2

Miners' funds offer £86m for Rampac

BY MICHAEL CASSELL AND TONY JACKSON

THE MINERWORKERS' Pension Fund yesterday announced a \$123m (£86m) counterbid for Rampac, a Californian property investment trust. The fund, together with the National Coal Board Staff Superannuation Scheme, which has joined it in the bid, has built up a 10.45 per cent stake in Rampac over the last two years.

Clearance for the bid came less than 24 hours earlier in London, when trustees of the Mineworkers' Pension Fund were authorised by a High Court judge to pursue further investment in the U.S.

The three-day private hearing had been held because union-nominated trustees of the fund were opposing increased over-

seas investment and wanted to see the eventual disposal of all foreign assets. The court had been told that the fund wanted to go ahead with this particular investment opportunity without delay.

A decision was made to launch the bid after Rampac received an offer from Kohlberg, Kravis, Roberts, a New York-based general investment group. This offer, originally made at \$34 a share in October and later raised to \$33.25 led to agreement in principle to a takeover earlier this month.

The miners' funds' bid is worth \$87 for each Rampac share. It was made through Pan American Properties, one of

the funds' U.S. investment vehicles.

The funds paid an average of \$23 a share cash for their existing Rampac holdings, and have put a deadline of January 23 on their bid which is conditional on 75 per cent acceptance.

Rampac's net assets stand at about \$138m and its property portfolio is predominantly located in Los Angeles and San Francisco, cities in which the U.S. pension funds are anxious to increase their investment exposure.

The investment trust has a half-share in a 500,000 sq ft office building on California Street, San Francisco, own outright a 120,000 sq ft office tower

on Flower Street, Los Angeles and has a 50 per cent stake in the Holiday Inn on San Francisco's Fisherman's Wharf.

In 1981 the NCB pension funds launched an unsuccessful \$287m bid for Connecticut General Mortgage and Realty Investments and in 1979 they paid \$144m for control of Continental Illinois Properties.

The current market value of properties held jointly by the two funds in the U.S. through a variety of investment companies, is about \$600m.

The union-appointed trustees of the Mineworkers' Fund continue to oppose investments of this kind on principle, and will pursue the issue in a full trial, expected to take place in March.

Champagne corks pop in the City to celebrate a bubbly year

BY OUR CITY STAFF

THE CITY yesterday popped its traditional cork to celebrate the lunchtime Stock Exchange close on the final trading day before Christmas. After one of the best years in the history of the Stock Exchange, with all the main share indices having convincingly captured new heights, there was very little more to do than roll out the Moot, the Mumm and the Krug.

On "the last day," as they call it on the Stock Exchange floor, dealers are rarely short of liquidity.

While bargains were running at their highest level for years on the day before the Christmas break, the brokers' boxes on the edge of the floor were awash with bubbly.

Elsewhere, the traditional pre-Christmas high jinks reached a climax around the

Australian mining pitches, where two dealers spent much of the morning standing upside down in true Aussie fashion.

Behind the fun there was a note of comfort in that, in spite of such a small hiccup on the eve of Christmas Eve, the FT Industrial Ordinary Index, which measures the performance of 30 leading industrial shares had climbed from 390.2 to exactly 775 in the previous 364 days. Few cared that it shed 1.2 on the last morning.

The FT-Actuaries 500 Share Index has forged ahead from 419.35 to 500.56 in the year, while the FT-Actuaries Index of 730 stocks which also includes the financial sector where much of the real action has been this year — has advanced from 379.39 to 469.84 since

Christmas Eve 1982.

Yet in the quieter corners of City lunchrooms and bars amid all the streamers, the more perceptive folk were acknowledging that 1984 could be very different. The game is changing, as merchant bankers team up with jobbers, and U.S. investment houses prepare to plunder the best research and dealing talent in London before the great securities industry revolution gets under way.

The merchant banks and leading brokers remembered that their marketing skills are going to be put to the test next year when selling large amounts of State assets for a forceful Government.

City jobber closes in U.S. Page 4; Butlins and the Ritz, Page 12; Next Year in the City, Page 13

Retail sales Continued from Page 1

does not start its sale until January 6.

Among bargains likely to be on offer next week are video-cassette recorders and large colour television sets. Trade analysts say many dealers have overestimated the pre-Christmas demand for these items and will be anxious to offload stocks after Christmas.

The buoyancy of retail sales this Christmas has not, however,

overcome the concern among retailers about the likely level of demand next year.

Many fear that the factors behind the sales surge this year will begin to peter out, especially as consumers reach the limit of their spending on credit.

Retailers are expected to press the Government early in the New Year to help boost the

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		FALLS:	
Argyle Trust	43 + 5	Painbridge	255 + 13
Belgrave (Blackburn)	114 + 4	Sainsbury (J.)	466 + 4
Dagely	428 + 10	Staffs Potts	63 + 4
Dowty	127 + 6	Stylo	188 + 5
Eurotherm Intl	243 + 8	Saxon Oil	248 + 11
Flight Refuelling	231 + 8	Cons Murchison	525 + 25
Fagarty	72 + 4		
Geers Gros	114 + 6		
Hales Props	155 + 7	GR (Higgs)	195 - 15
Hambros	198 + 4	Grindlays Higgs	158 - 15
Hewitt (J.)	120 + 5	ICI	656 - 4
Juliana's	420 + 20	Midland Bank	383 - 7
Pearson (S.)	409 + 5	Resource Technology	170 - 5
		Sterling Inds	90 - 8
		Young (H.)	94 - 6

Bible quotes

As for all the peacemakers, such as former U.S. envoy Philip Habib, who have crisscrossed the region in recent years, they would have been well-advised before starting on their journeys to have read Isaiah 37: "...

The current Arab demands are encapsulated in Judges 11:13: "Because Israel took away my land... now therefore restore those lands again peacefully." Ambassador Goss notes that later on in this passage it can be seen that the Israeli response is also unchanged 3,000 years later.

The dispute about Jewish settlements on the West Bank is foreshadowed in Isaiah 58: "Woe unto them that join house to house, that lay field to field, till there be no place, that the may be placed alone in the midst of the earth."

An apposite note about the shaky state of the Israeli economy is found, appropriately, in Lamentations 3:17: "Thou has removed my soul far off from peace: I forgot prosperity."

The constant bickering within and between Israel's many political parties is also nothing new: "And all the people were at strife throughout all the tribes of Israel" (II Samuel 19:9), and finally, just how powerful is Israeli influence on the U.S.? Mr Goss found that Job 39:27 posed the same question: "Doth the eagle mount up at thy command?"

WORLDWIDE WEATHER

Y-day	midday	Y-day	midday	Y-day	midday	Y-day	midday
°C	°F	°C	°F	°C	°F	°C	°F
Alexandria	19 67	Corfu	14 57	Luxemburg	9 48	Prague	5 41
Algiers	15 59	Dallas	11 52	Madrid	10 50	Rykyk	8 47
Amman	9 48	Dublin	7 45	Moscow	10 50	Shanghai	10 50
Athens	18 64	Dzibuk	14 57	Majorca	19 66	Rio de J.	16 61
Bahran	19 66	Edinburgh	5 41	Malaga	17 63	Rome	14 57
Banaras	16 61	Frankfurt	12 55	Malta	16 61	Salzburg	6 43
Belfast	6 43	Frankfurt	12 55	Mex. City	14 57	Sassari	9 48
Belgrad	7 45	Geneva	7 45	Mex. City	14 57	Singapore	4 25
Berlin	6 43	Gibraltar	17 63	Miami	21 70	Sofia	1 10
Bombay	19 66	Harbin	12 54	Minsk	4 39	Stockholm	10 50
Buenos Aires	10 50	Hong Kong	11 52	Montevideo	11 52	Strasbourg	10 50
Calcutta	24 75	Helsinki	2 36	Moscow	7 45	Taipei	15 59
Canton	16 61	Hong Kong	16 61	Mumbai	17 63	Tenerife	23 73
Cebu	24 75	London	12 55	Nantes	14 57	Tokyo	10 50
Colon	24 75	London	12 55	Nassau	14 57	Tripoli	12 55
Copenhagen	11 52	Los Angeles	8 45	Newcastle	6 43	Tunis	19 66
Cairo	20 68	Jersey	11 52	N Delhi	18 64	Vladivostok	19 66
Cardiff	11 52	Jo'burg	24 75	N York	14 57	Warsaw	8 47
Cape Town	26 79	Paris	23 73	Nice	14 57	Warsaw	8 47
Chongqing	10 50	London	12 55	Paris	18 64	Zurich	6 43
Copenhagen	11 52	London	12 55	Peking	5 41	Ant	9 48

UK forecast: Rain with snow in Scotland but mild with gales in the South.

THE LEX COLUMN

Privatisers on parade

Index fell 1.2 to 775.0

Competition has intensified among the merchant banks to win plum privatisation contracts across the whole spectrum of marketable public assets. Lex has obtained a number of the written propositions so far put up to the Treasury.

Bank of England

The prospect of returning to private ownership after 37 years in the public sector already seems to have galvanised this old-established corporation. In recent months it has made a determined bid to dominate a whole range of London's financial markets—from Lloyd's to the Stock Exchange.

This, combined with its pre-eminent sitting in the heart of the City, seems certain to make it a prize takeover candidate for an ambitious New York financial conglomerate. HMG might be tempted to protect the national interest by encumbering the issue with a "golden share" device, but we should point out that this could greatly reduce the amount raised upon flotation.

The Bank's balance sheet is full to the brim with commercial paper, to the point where it resembles nothing so much as a vulnerably small clearing bank—and this is liable to ding its rating down. Moreover, the Treasury is totally dependent on Government contract work and a Treasury assurance of continuity is a *sine qua non*.

H.M. Prisons

We are confident that HM Prisons plc can become a core holding in leisure portfolios by 1986, though a change of name—and we might suggest Time Services plc—will obviously be important. Doing "time" in a volatile market would be hazardous, probably leaving too much stock with insiders. But the risks here could easily be reduced if selected institutions were held for question release available for good behaviour.

The company will present investors with a labour intensive business which has prospered away from the public eye for many years. Its basic manufacturing operations remain very competitive and include a fashion-free textiles line as well as a securely non-cyclical building materials division. This latter turns big rocks into little ones with a minimal reliance on high technology, or indeed any



technology at all, and has the added virtue of low unit wage costs. Despite the low wages, or in some cases because of them, the company has however kept an extremely close eye on cash flow.

A high proportion of its employees have been serving "time" for many, many years, but you should not rely on this for any share option schemes. The workforce could provide a captive market, though, for some additional underwriting arrangements conceivably reducing your launch costs by a useful margin.

British Fluids

Although the Government is introducing an element of competition to this corporation's captive market, in allowing rural householders to dig pits in their own back yards, we do not believe that BF's dominance will be seriously threatened. The regular tide of its business will lead many investors to rate it as a utility. But there are exciting organic growth prospects, a firm link with the cable TV industry, and a potential cross-channel tie-up with Eaux de France creates an international dimension.

There is no denying that the necessary replacement of BF's sub-pavement assets will be a capital drain for years to come: on the positive side, the associated tax allowances will mean that all profits will flow straight through to the bottom line. Institutions are bound to welcome the launch.

come this stock as a means to make up their weighting in the highly-capitalised health and household sector.

British Museum

This can be made to look the asset play par excellence. While the historic cost balance sheet looks extremely unimpressive, a revaluation to current auction prices would bring shareholders' equity into the front rank of UK companies. Like many institutions the BM has inner reserves—in this case extensive cellars crammed to bursting point under Bloomsbury—allowing considerable potential to be unlocked should the company leave the public sector. The internationally respected reading room houses an unrivalled data base of material—acquired at very reasonable, in fact, no cost—which could be aggressively marketed.

The claims of the Greek Government on some of the assets give an arms-lengths valuation of the very high value of the portfolio. Should the Greek initiative prove successful, the legal technicalities now preventing realisation will be swept aside at least in the market's eyes. The implications for the revenue account would be further enhanced once admission to the galleries is no longer accounted as a public service.

Sellfield

Sellfield is a spearhead of the industrial nuclear pollution industry, and already dominates this growth sector. With a pre-tax profit in excess of £50m last year, its high rate of physical intake has made it one of Britain's most consistent invisible exporters of late.

The launch of Amersham International two years ago provided a measure of the market's appetite for nuclear stock. Nevertheless, we do not feel that the tender mechanism would raise the market to the critical temperature needed for success, and advise you to revert on this occasion to a fixed price offer.

We are of the opinion that the DPP's interest in the company's affairs can be safely stowed away in the small print of the contingent liabilities paragraph. Despite the recent change of name, investor recognition should be no problem, and we are confident of adequate TV coverage to support the launch.

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